Great Northern Newsletter for Management Employees, 1965

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Great Northern has joined the Sulfite Pulp Manufacturers' Research League, it was announced December 20 by J. H. Heuer, Vice President - Operations and Loren V. Forman, League President and Vice President of Scott Paper Company, Philadelphia.

"Great Northern has always been concerned with the problem of spent sulfite liquor disposal," Mr. Heuer said, "and the aims of the League, which include searching for practical methods of utilizing more spent sulfite liquor for by-products, have our complete support."

During the past decade we have invested millions of dollars in pollution control projects at our Millinocket and East Millinocket mills. This investment, it was explained, does not include Great Northern's support of League programs.

"Now that Great Northern is a member, the combined technical resources of more than 50 percent of all U. S. sulfite production will be focused through the League," Mr. Forman said. "Great Northern's move is a significant forward step," he stated, "and we expect it to provide new impetus and substantial scientific and financial support for our current cooperative research programs. Great Northern experts will reinforce the present work of League scientists and other member mills."

The Sulfite Pulp Manufacturers' Research League was founded some years ago as a cooperative paper industry research group whose sole purpose is to find practical methods for improving the rivers and streams on which sulfite mills are located. The League has researched and developed methods both for directly disposing of spent liquors and also for using spent liquor to make marketable by-products.

In addition to Great Northern, the League is composed of eleven paper companies which operate 22 sulfite pulp mills in the United States. The League has an annual research budget of over $200,000 and a staff of twenty full-time employees. Laboratories, pilot plants and offices are located in Appleton, Wisconsin.

The annual meeting of the stockholders of Great Northern Paper Company will be held at the office of the Company at Millinocket, Maine, on January 18, 1966, at 10:30 a.m., to consider and take action upon the following matters:

1. The election of directors and a clerk to serve for the ensuing year.
2. To consider and act upon a proposed Qualified Stock Option Plan.
3. Such other matters as may properly come before the meeting.

The Notice containing full details was mailed to stockholders December 27 with proxy solicitation.
KNOW YOUR COMPANY

This month's article dealing with the organization and functions of Great Northern focuses on the second section of the Woodlands Dept. -- Pulpwood Procurement.

Wood procurement is one of two major areas of responsibility of the Woodlands Dept. Our Maine mills consume 780,000 rough cords of spruce, fir, hemlock and poplar pulpwood annually. If this amount of pulpwood was laid on the ground, end to end, in single bolts around the planet Earth, the line would extend from Millinocket all the way around the world once and half way around again. Scheduling the production of this amount of wood is not too difficult, using conventional methods, as long as an ample supply of woods labor is available. Several old school pulpwood contractors used the expression "Any damned fool can get wood cut -- hauling it is another matter." This statement was more or less true when a labor surplus existed and prior to our low pulpwood inventory policy.

Wood procurement from an organizational breakdown is as follows: Vice President, Assistant Manager, and Superintendent of Purchased Wood formulate policy and make the final decisions, aided by several staff functions including Budget, Public Relations, Personnel, Purchasing, Engineering, Motor Vehicles and others. Field production is subdivided as follows: Six Purchased Wood districts -- Dover, Mattawankeag, Patten, Houlton, Ashland and Fort Kent; three operating areas, each headed by general operating superintendents located at Pittston, Ashland and Millinocket. In addition, there are two Contract Logging Service supervisors, each handling several independent C.L.S. contractors in the Grant Farm and northern Aroostook areas.

The purchased wood group procures the greatest part of our wood requirement. Company operations cut for the most part in remote areas on Company-owned lands. It is possible to do a better job of forestry on Company operations, as cutting regulations and policies tend to get better supervision and follow-up on Company operations than is experienced on independent contractor jobs. Of course, this tends to increase overhead costs on Company operations which is high-cost wood because of access road cost; and in some locations, a combination of long-truck and long-rail hauls are involved. One other advantage of Company operations is that it gives management a constant check on changing trends in operating costs. Medium to large independent contractors (5,000 to 30,000 rough cords) are a third type producer. Wood from this group usually totals an amount larger than that produced from Company operations, but much less than total purchased wood.

Wood procurement by types of delivery can be divided into three categories -- river, truck and rail.

Most years, about 170,000 cords of river wood is produced -- about 60% of this is produced in the Pittston-Caucomgomoc area. The greater part of this wood is produced at Company operations, the remaining 40% of the river wood comes from areas south and east of Chesuncook Lake. One characteristic of river wood is that the time lag between stump and mill consumption is about 1-1/4 years. The wood cut in 1965 will be used in late 1966 and early 1967.

Truck wood is delivered from a radius of 60 miles, and deliveries from this source total about 39% of total requirements. Because of the relatively short transportation distance, truck wood tends to be the lowest cost source.

Rail wood makes up about 40% of our total requirements. Most of the wood produced north of Smyrna Mills and Houlton or beyond the 60-mile trucking range comes in as rail wood.
KNOW YOUR COMPANY (Cont'd.)

The total mix of combinations of methods of transportation (truck, rail and river) and types of contracts (purchased wood, operating and C.L.S.) gives Woodlands a great amount of flexibility regarding the scheduling of production and delivery. This proved to be extremely important last summer, when low water conditions made it impossible to drive 75,000 cords (peeled basis) of river wood. By increasing deliveries from truck and rail sources, the mills were kept operating.

It appears that we are heading into a period of labor shortage, increased competition, and an increasing need for the delivery of fresher cut wood. The trend will be toward increased mechanization, which may eliminate some problems, but will bring on some new ones. The job of managing and planning this operation should become increasingly challenging in the near future.

Pulpwood production is progressing in a satisfactory manner for the operating season (April to April) -- 82% of our desired quota has been produced. Most of the river wood contractors have finished cutting. Between now and New Year's they will be dragging and freezing their winter road system, preparatory to winter hauling season, which will start in early January. Many of the large truck and rail independent contractors and Company operations have nearly completed their cuts; however, four of the six purchased wood districts appear to be behind their anticipated schedule of production. Our buyers in these areas say that labor shortage, competition, or both, are the main reasons for the slight lag in production. Most of them do say that if cutting and hauling conditions remain good through January and February, they hope to reach their quotas.

The Timber Harvester operation is doing well -- it appears that this equipment will do about all the things that Beloit says it can do. Working under ideal conditions, our number one operator, after only one month's experience, produced at 80 - 85% of desired cycle rate. Ideal conditions include level ground conditions -- we have that -- and a fairly dense stand of 100% merchantable sized spruce & fir, diameters of which range from 8" - 20" diameter breast height -- our timber stands in Maine do not conform to these conditions. Certain specific acres may have this type of stand; however, two hundred feet ahead, the machine may pass through an area containing a dense growth of undersized balsam, with scattered large spruce distributed throughout. In such areas production of the harvester drops, resulting in an average production of 3 to 4 cords per hour, when 5 cords per hour may be the desired goal.

This is not intended to mean that we are discouraged or that improvement in technique is not being accomplished. On December 13 a second shift operation was started. This will make it possible and necessary to train one or more teams of operators. The present plan is to train both the harvester operator and the skidder operator to operate both machines, and for these men to interchange at two to three hour intervals. This may tend to reduce operator fatigue and will make each operator realize the problems of the other. As we see it, the harvester and skidder operation requires this sort of team effort to be successful.
RECENT DEVELOPMENTS IN MANUFACTURING

Millinocket Mill . . . . The second stainless steel dump tank was put into service on December 15. This tank has a capacity of 220,000 gallons and was purchased from Brown Company. It has been fitted with a new 150 HP "Lightnin" cantilever agitator, and is piped into the digester dumping system to be used as a blend tank in line between #1 dump tank and the hot stock screening system. This tank will be operated as a blend tank until the split sulphite system is placed in operation. At that time the tank will be used as a dump tank.

On December 16, the latest of our Sulphite Mill expansion equipment went into operation on a limited basis. The primary hot stock screening system, when fully operational, should provide both mills with screened sulphite at a rate of 500 tons/day. The digester dumping, the washing system, and the knotter system have already proved operational and when the primary screens are on line we will have accomplished the following objectives:

1) Saved a great deal of capital expenditure in equipment (without hot stock screening we would have had to take the thickened pulp from our present washers, dilute it down to screening consistency and then install other thickening devices beyond the screens).

2) Concentrated the entire sulphite processing equipment from digesters to finished pulp in one confined new area. The centralized control area and the elimination of our present blow pits, knotters, screens and deckers has a potential man-power savings.

The operation of the primary hot stock screening to date has not reached its full potential. We are experimenting with different rotor speeds, plate hole sizes and rotor bar clearances. As soon as reliable operating conditions are finalized the entire hot stock screening process can reach its potential.

Bisulphite pulp produced since the change from acid sulphite October 20 has improved in strength over pulp made September and October before the change. Tearing strength is up 17%, tensile 34%, and burst 57%. Improved tensile and burst strength since the change-over is immediately apparent in all paper grades considered at Millinocket. A significant improvement in tare, up to 10%, is also evident in those grades using moderate levels of chemical pulp without kraft, i.e., Directory and Pub Printing R. Total dirt in the pulp has dropped 15%, while bark and brown fibers in our Time coated paper have decreased 34% and 33% respectively. Two test cars of Time Incorporated coated paper run at Old Saybrook, Conn. and printed in four colors have shown less picking than ever before.

Cedar Springs Mill . . . . There is much activity in Cedar Springs as project 04 is now well under way. The second linerboard machine and auxiliary equipment have been purchased with the exception of conveyors and tile chests for which orders will be placed in the next two months. All major contracts have been negotiated.

Shipping from the new Finishing and Shipping building will commence January 1966. Construction of this building has been delayed because of inclement weather. Foundation caissons are complete for the turbine generator and are well under way for the recovery boiler building, evaporators, lime kiln, and paper machine.

Project 05, No. 3 paper machine, is still in the planning stage. Flow sheets are being finalized and bids are being received for a large portion of the equipment.
HOLIDAY SHUTDOWN

East Millinocket . . . All machines went down at 4:00 p.m. December 24 and were scheduled to start up at 8:00 a.m. December 27. Start-up in the old room was routine, as was No. 5 paper machine. However, No. 6 was not on line until 1:45 p.m. due to a break in the chemical groundwood stock line over the motor control panel.

Millinocket . . . The eleven paper machines went down on schedule at 8:00 a.m. December 24. The scheduled start-up at 8:00 a.m. December 27 was plagued by numerous machine, consistency control and instrumentation problems. No. 8 paper machine was the last to start up and not making good paper until 4:00 p.m.

The coater mill went down at 4:00 p.m. December 24, and started up at 8:00 a.m. December 27 with no major problems -- on specs at 8:25 a.m.

Cedar Springs . . . The shutdown began at midnight December 23 and is expected to extend to midnight December 29, a total of six days.

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Data Speed . . . On December 5, Great Northern converted its data transmission, (paper orders, shipping reports, schedules, messages, etc.) formerly carried by the teletype system, to a data speed system.

Data speed transmits data over our WATS lines at 1,000 words per minute. The transmission is accomplished by placing a telephone call from one data station to another, linking together a data speed sender and receiver. This equipment reads the holes in a previously prepared paper tape, converts the pulses generated by the holes to tones, carries them over voice grade telephone lines, converts them back to pulses at the receiving end, and punches holes in a receiving paper tape. After the information has been received in tape form it is converted to hard copy on an off-line teletype machine.

Sending and receiving stations are located in the Georgia billing office, the Millinocket scheduling office, and the New York sales office.

Water Storage . . . The Penobscot River West Branch storage is now at 14.1 billion cubic feet. This is 24.7% of full storage and 15.0 billion cubic feet below rule curve storage as of December 27. Precipitation for the month of November was 3.0 inches -- this is .57 inches below average. Precipitation for the year to date is 26.4 inches which is 13.4 inches below average. In usable water this loss represents 40.8 billion cubic feet. There are 7.48 gallons in a cubic foot of water.

Robert A. Haak, Vice President - Sales, announced that the Company will increase the sales price of coated paper January 1, 1966. Contract customers will be protected at present price levels until March 1, 1966. The increase is $10 per ton, or approximately 5%. 
Planning meetings were held on December 10 at Cedar Springs and on December 22 at Millinocket. These meetings, chaired by L. G. Kewer, Vice President - Planning and Assistant Vice President - Finance, were to acquaint Company department heads with the new capital expenditures policy and procedure. In brief, the changes involve review of all requests for capital appropriations in excess of an established minimum by a screening committee before going to the Executive Committee for approval. The changes are being made to insure more effective use of capital resources in the light of the needs of the entire Company.

Effective January 1, the Traffic Dept. at Cedar Springs will have yard clerks on duty around the clock, seven days a week. These men will be performing numerous duties previously shared by Traffic, Purchasing, Shipping and other mill departments, and the Chattahoochee Industrial Railroad, as well as some things previously left undone.

Pulp and Paper Scholarship Established at U of M . . . .

M. C. McDonald, presently a member of the Board of Directors, has established a scholarship fund in excess of $10,000 with The University of Maine Pulp and Paper Foundation.

The income from this fund which will be known as the Manuel C. McDonald Fund is to be awarded annually to a pulp and paper student enrolled at the University of Maine. This is the fifth such name scholarship fund given to the foundation.

Mr. McDonald's interest in the foundation covers a span of years -- serving ten years as a director of the corporation and six years as vice president. He also served on foundation committees.

Social Security Tax Increase . . . . Effective January 1, 1966 your tax rate for Old Age and Survivors Insurance (Social Security - Medicare) is increased to 4-1/5% on a new salary base of $6,600. During 1965 the tax was 3-5/8% on a base of $4,800. This raises the maximum tax from $174.00 in 1965 to $277.20 in 1966. Under the law, Great Northern also must match this deduction at an additional yearly cost of $350,000. The increase resulted from passage by Congress this year of legislation establishing a medical program for the aged and increasing social security benefits.

Since the social security system was established in 1935, social security rates have been increased ten times. The rate began at 1% for the employer and the employee on the first $3,000 of earnings. Under the present law additional increases are scheduled for 1967, 1969, 1973, 1976, 1980 and 1987.

Benefits are rising significantly also. All existing monthly social security benefits have been raised 7% retroactive to January 1, 1965 and will range from $44.00 to $135.90 for an individual retired employee. Employees who can count $6,600 earnings in future years will get even more. Eventually a top old-age benefit of $168.00 and a family maximum of $368.00 will be reached.

Total paper capacity by the end of 1967 now is estimated at 22,580,000 tons on a practical maximum basis. This is about one million tons higher than a 1964 joint capacity survey made by American Paper & Pulp Association and the National Paperboard Association. Expected annual growth rate from 1965 to 1968 will be 4.9%. Scheduled additions to capacity from 1965 to 1968 are as follows: newsprint - 22.9%; printing paper - 16.9%; tissue - 20.8%; and fine papers - 11.0%.
'Woodcutters' Grab Bus Back South . . . . An invasion of Maine woodlands by southern pulpcutters appeared to have suffered a set-back Thursday when a pair of advance scouts for the invading party signalled frantically from up in the Fish River Lakes country that "There's too much snow!"

An evening bus out of Bangor carried the two woodsmen on the way to their Lynchburg, Va., homes after they had experienced a day and a half of employment as cord cutters in Kenneth Bartlett's pulp operation on the northern branch of Fox Brook in Township 13 Range 9.

The two Virginians, Robert Spencer and Bernard Campbell, Jr., said the camp management had shown them every consideration, the food was top grade and everybody had treated them well. But they just couldn't get used to floundering around in the deep snow.

They had come to Maine following an intensive recruiting effort by the Maine pulp and paper companies in response to a directive by the U. S. Department of Labor that use of foreign woods labor would not be permitted as long as there were unemployed domestic woodsmen available.

They were among the scores of experienced wood cutters interviewed during a two-week recruiting effort by Roderick Farnham, Woodlands Personnel Manager, and Walter Chute, Assistant Woodlands Manager for the Eastern Manufacturing Division of the Standard Packaging Corp.

Chute and Farnham represented all the Maine paper companies on a tour of Virginia, West Virginia, the Carolinas and Georgia. Most of the men interviewed flatly declined an invitation to cut pulpwood in Maine, others agreed to give it a try but failed to show up when their scheduled departure time arrived.

Seven men indicated interest and were hired. Two were scheduled for Scott Paper Company operations in Somerset County, three for work in the Machias area with St. Regis Paper Company, and two to work in northern Maine for Great Northern.

In accordance with Labor Department specifications that an employer shall reimburse woods or agricultural workers for transportation from their homes, if they complete their work contract, the Maine companies agreed to advance transportation costs for the job candidates, most of whom said they were unable to meet the expense themselves.

But as of Thursday noon Spencer and Campbell were the only southern wood cutters who had showed up for work. Officials of both Scott and St. Regis said they had no idea where their men were nor what had become of the transportation money advanced.

Great Northern, at least, knew where their woodsmen were. They were headed back to Virginia. Their quick trip to Maine had been expensive, for the Company -- bus fares from Lynchburg, Va., to Presque Isle, a complete winter clothing outfit for both men, transportation to the woods camp west of Portage Lake, chain saws for pulp cutting, and board at the Company camp.

A day and a half at work in the Maine woods convinced the Virginians that they wanted no more snow and cold. They were brought to Bangor and provided the bus fare to their homes. No regulation provided for the return bus fare. A Company official just said, "It wouldn't be human" not to pay it. He said they had cut about two cords of wood during their brief woods tour of employment in Maine.

But in spite of the somewhat inauspicious end to the first attempt to adapt southern wood cutters to Maine employment Company officials said they fully expect the Labor Department to persist in its stand that domestic woods labor replace foreign workers in the Maine woods.
Personnel Changes . . . Warren B. Metcalf was promoted to the position of Acting Electrical Design Engineer, effective December 1. Warren is replacing Paul Firlotte while he is on assignment to Great Southern. . . Richard D. Kroeger, Junior Research Chemist, was granted a leave of absence on December 10 to enter military service. . . Effective December 1, Wilfred E. Wright was promoted to Expediter, in the Purchases Dept. Willie reports directly to Manager of Purchases and Stores.

Effective December 10, at East Millinocket Mill, James W. Griffin was promoted to the position of Paper Mill Superintendent, replacing Mr. Cabot who resigned; Richard D. Goodridge was promoted to Pulp Mill Superintendent, filling vacancy created by Mr. Griffin's promotion; and Dwight M. Osgood, Jr. was promoted to Groundwood Foreman, replacing Mr. Goodridge. William C. Birt, Senior Area Engineer has been temporarily assigned to Great Southern Division for a two-year period, reporting directly to Harry Graves, Senior Engineer.

At Millinocket Mill, effective December 13, Charles D. Bears was promoted to Paper Mill Superintendent; Allister M. Embleton was promoted to Maintenance Superintendent. Both were formerly in an acting capacity.

At Cedar Springs, effective December 1, C. F. Fischer, III assumed the new title of Director of Transportation - Great Southern. . . E. Reid Smith was promoted to Traffic Manager at Cedar Springs, Mr. Fischer's former title. . . Effective December 15, J. D. Perkins was promoted to the new position of Manager, Transportation Research, and will devote most of his time to special projects, rate adjustments and research. . . Effective January 1, 1966, Jerome V. Blankenship, formerly paper mill clerk, has been promoted to the newly created position of Yard Master.

Effective December 1, Lester W. Hazelton was promoted to the position of Logging Engineer, and will work out of the Bangor office reporting directly to Woodlands Management.

Edward J. Leonick was transferred to the position of Junior Inside Salesman in the New York office, effective December 1.

New Employee . . . Charles R. Grantland joined Great Southern Division's Traffic Dept. December 15 as Traffic Supervisor. Charles comes to us from the Gulf, Mobile and Ohio Railroad office in Mobile and he will be assuming most of the duties previously handled by Jerry Perkins.

Retirements . . . J. Wety Graffert, Area Foreman at Millinocket Mill, will retire on December 31, 1965 after 42 years of service. Wety came to Great Northern in July 1918, and joined the piping crew in February 1926. He has held his present position of Foreman since August 1952. All join in wishing Wety many happy years of retirement.


Death . . . Merrill G. Butts, Steam Engineer, died of a cerebral hemorrhage on December 11 at the age of 37. Merrill came to Great Northern on June 1, 1960 as a member of Central Engineering's Power System Group. His value to the Company was borne out by the frequent requests he received from the mills for assistance. He will be greatly missed by all.
The following address was delivered by Rudolph T. Greep, President, Associated Industries of Maine, at their 45th Annual Meeting last October. Mr. Greep is Vice President and Mill Manager at S. D. Warren's Cumberland Mills plant.

Some years ago, a newspaper reporter wrote a feature story about a Bangor druggist. This story told of the days when the only people interested in Maine lobsters were overseers of the poor. They bought the lobsters at bargain prices to feed the town paupers. Contrast this with what the words "Lobster Dinner" mean today! Lobster is a gourmet dish prized by connoisseurs everywhere.

How did this happen?
It happened because marketing people went to work creating a new image; changing this one-time lowliest of human subsistence to a chief attraction for the dinner tables of the connoisseurs...

Yes —
It's these same marketing experts who, with their dynamic merchandising ideas, are the envy of every nation on earth because of their remarkable success in selling goods and products.

What then, is the answer to the question:
Why do industrial marketing experts so frequently fail in the job of selling abstract concepts or ideas such as their company image or the profit incentive?

Company leaders — with the ability of inspiring their executives to superior performances are often too busy, too inept, or too something or other — when they are challenged in public or social areas.

We've seen illustrations time and again, especially on the legislative level... The so-called liberals make proposals of progressive social legislation — and then the so-called conservatives get into the act only to end up with the label of "reactionary" because they see only the evil in the wild-eyed scheme...

Again and again the industrial community enters the picture only on the defensive side — and meets the stigma of "always opposing change."

Why is this so?

* * *

Maybe our communications are faulty — we preach to each other at our banquets and conventions — as I am doing here today. When we do talk in public it is usually to extoll the virtues of the free enterprise system and the American way of life. No one listens... because our message is irrelevant.

The free enterprise system is not the point at issue. The general public has never lost its belief in the productive efficiency of our system. Even Russia, a sworn enemy of capitalism has had to adopt more and more free enterprise measures to survive.

If we were selling toothpaste and the item wasn't clicking our industrial marketing men would sense something was wrong and come up with a fresh approach. Instead we are frustrated... and blame the public and a fog of misunderstanding develops.

Liberal thinkers have a way of proposing specific action for specific problems, do something even if it is wrong, is their philosophy.

Take the anti-poverty program — who can be against eliminating poverty? But when we consider the "means" proposed, the astronomical cost, the waste, and the potential for central control and influence, it is enough to raise the hair on a brass monkey. Any sound business man is bound to have some negative reactions. But it is not enough to be against — we must also be constructive. And therein lies our problem.

Too frequently our approach to social questions is in the negative — our habit of thought is to be against.

As business people we have to be something of good leaders in our respective fields — else we wouldn't be here today.

So deduction proves we must have abilities in our lines — but practical fact equally proves that our habit of thought in only opposing things reflects a predominant weakness in a highly important area:

*We've shown but little skill in creating concepts that people are "For"!*

* * *

What a paradox it is:
Industry is the prime mover in improving the material complexion of this great nation — the foundation for giving people of this country the highest standard of living of any peoples in the world — in production and marketing, with leaders that stand first, without question, in being progressive, daring and creative.

—industrial leaders who have taken great risks to make worthwhile changes in everything from shampoos and baths to stainless steel razor blades, diesel tractors, paper plates, tubeless tires, dacron shirts, computers, temperature controls —

How many other startling advancements, in your industries and mine, can be related for hours on end... television, nuclear energy, laser beams, jet planes, spacecraft and so on — all these things the world has come to know and accept as commonplace — brought forth from industrial know-how just since 1920, the year this Association was born.

And with these creations of free enterprise have come new jobs and new wealth in a changing society which has opened the door for improved education for all of our people, cultural hobbies and professionalism in many occupations.

It is truly amazing that business and industry which have brought about these accomplishments for the good, the comfort, the welfare, the happiness of mankind, should ever be called "reactionary"!

It's absurd!
How can any individual in this country today stand up and call people who have brought about these attainments for this Nation — the world at large —

Reactionary-conservatives, a group interested only in preserving the status quo?
A group of people who oppose change?

Could those pioneers in covered wagons who settled Aroostook County a hundred years ago have been opposed to change?

They built the roads —
cut the trees and hauled the rock from the land — and planted the initial seed that has now made Aroostook potatoes world renowned —

Were they people who sought to preserve the status quo?

Could those who founded my own industry — pulp and paper — here in Maine a century ago, be called “reactionaries” — “conservatives” — people who opposed change?

How can fellow citizens, who make such flagrant and unfounded charges — against facts that literally scream at us from every direction — how could these fellow citizens have ever foisted such misleading, deceptive information down the throats of the American public? And down the throats of the Maine public, as well, as exemplified by a majority in our State Legislature the past winter, through passage of one law after another, which totally disregarded the stake of hundreds of employers — employers who have to meet payrolls for tens of thousands of our people — and also make a profit for the stockholders who own the business.

People who have labeled the business community reactionary are the same ones who have long concentrated almost 100% of their efforts on grandiose, costly socio-economic schemes financed out of the public till — from tax dollars bled to a large extent out of American business.

Business, while objective and progressive, is not going to sit on its hands and give carte blanche powers to everything . . . which would throw the status quo to the dogs . . . it can’t. When we are justified in opposing changes in social areas . . . we should sound off, not just sit in a corner hoping that no one will know we are there.

One of the absolute certainties in our time is that things are changing, and are going to keep on changing at an ever accelerating pace. We can either be a dynamic part of the changes — and exert a positive influence in their direction — or we can try to resist and be carried along with the stream.

We have been in opposition to many things in the past — with good reason at the time — but the facts are we now have these things, are paying for them, are learning to live with them — and might privately admit that some are doing some good! But, while we’re paying the bills, few people say “Thanks to Industry” — because we have acquired a “reactionary” reputation from our negative approach. We stand discredited as conservatives — applying yesterday’s solutions to today’s problems . . . yet we champion free enterprise, a system labeled conservative — which, in truth, is the most radically liberal philosophy ever proposed in any society: The idea that men can

be entrusted with a high degree of freedom to determine their own destinies . . . as against the socialistic philosophy of government taking from one to give to another, thereby destroying individual incentive to be industrious and creative . . . without which there can be no progress.

Were it not for industry’s drive for improvement and change, its genius for production . . . which generates our tax dollars — where would the State of Maine stand on its advancements in education
better living standards
improved highway systems
health and welfare
bank loaning capacity
recreational facilities
increased jobs and fair wages
and
happier living as a whole

Our free enterprise system is not perfect but it is unquestionably the best system ever devised — and I know President Johnson and a vast majority of the candidates who were swept into office with him last fall will agree it is the best system.

So, let’s stop defending something that needs no defense — and instead do a little soul searching. As businessmen let’s set out to regain the goodwill of the American public by admitting that since we were a boy the exploding population, the fantastic advances in technology and natural evolutionary changes are creating social and economic problems that are crying for solution.

Just think what effect the ever increasing congestion in our great urban centers has had on such things as air and water pollution, health, education, and law enforcement. These public problems are real — and if we don’t face up to this fact and apply our energy, our ability and our experience to their solution, we are going to lose out to the government by default.

Many businessmen, who made great personal sacrifices in an attempt to elect good candidates were discouraged and depressed by the debacle in the elections last fall. Some of the laws passed since then have added to their discouragement.

Maine industry in particular has suffered at the hands of both Congress and the State Legislature. It may never be possible to regain all the lost ground.

But we have got to thrust aside our discouragement and try. There seems to be no other course than for business leaders to become much more active in politics both to serve the public interest and to protect their own.

The idea of developing an objective and effective program for the improvement of our State is neither new nor unusual — it’s the same idea you’ve heard preached many, many times — that more people of ability take an active part in the affairs of our government on all levels — town, county, state, and national; that as individuals we encourage citizens who understand what Maine needs for growth and expansion to seek public office; and when I say citizens with such a knowledge, I mean exactly that; people of such abilities from both major political parties, hourly workers, salaried executives, and those of our senior citizens who, although retired, are alert, anxious to be active, and who have much to offer our State on the basis of experience.
The Board of Directors has taken on a new look with the merger of Great Southern Land and Paper Company. There are seventeen members, eight of whom are Company officers with Mr. Richard G. Croft as Chairman.

Effective with the date of the merger, the full Board will meet quarterly (formerly it met monthly) on the third Wednesday of January, April, July and October. The By-Laws were revised to provide for two committees of the Board to be designated the Executive Committee and the Finance Committee who will meet each month.

The Finance Committee is a new committee empowered by the Board to commit the Company to substantial (in excess of $250,000) capital expenditures or disposition of substantial capital assets. This committee consists of five directors, as follows:

Richard G. Croft, Chairman
M. C. McDonald
John J. Neely
Peter S. Paine
Frederick K. Trask, Jr.

The Executive Committee exercises the powers of the Board of Directors in the management of the business and affairs of the Company when the Board of Directors is not in session except as to substantial capital expenditures and assets. The following members of the Board are members of the Executive Committee:

Peter S. Paine, Chairman
Howard G. Brush
Edward L. Cowan
Robert A. Haak
Robert Hellendale
J. H. Heuer
John T. Maines

Company announces new program to allow employees to purchase Great Northern common stock through payroll deductions. At the outset, the privilege will be extended to eligible employees at the three mills and weekly and monthly salaried personnel. Printed material outlining the program will be mailed shortly.

The monthly investment plan will be administered by the brokerage firm of Merrill Lynch, Pierce, Fenner & Smith, Incorporated with whom participating employees will establish a standard broker-client relationship. Great Northern merely acts as a collection agency and will defray brokerage commission costs.
WOODLANDS NOTES

The Beloit Tree Harvester arrived in Portage November 4, and was assembled and in production within a few days. The 33-ton Harvester consists of a carrier using a modified crawler track with 30" clearance; a swing platform driven by a Staffa hydraulic motor is mounted on the carrier. A delimber and a topping head moves on a two-piece telescoping mast assembly activated by a knuckle boom with a 25-foot reach. At the foot of the mast assembly is the butt shear. All working components are driven hydraulically. Trees up to 24" in diameter can be cut and logs up to 60 feet in length produced. So far the machine has functioned very well and daily production is increasing as the operator gains experience.

The past four weeks have been difficult ones insofar as wood production is concerned. In the north country there has been considerable snow and rain thus reducing working time for logging crews. Soon the ground will be frozen and this will tend to increase production and certainly will increase delivery of wood by rail and truck to the mills. As of now we have 75% of the wood cut for the 1965-66 season with a total of 407,000 p.c. of softwood produced. Approximately 10,000 cords of the wood that was stranded on Black Pond and Umbazookskus flowages was driven into Chesuncook by the reactivated drive. Ice conditions made it necessary to tie up this drive on November 17.

Stumpage sales have also decreased due to bad weather and lack of labor. Labor is available in Canada but the U. S. Dept. of Labor sharply curtailed the number of Canadians who may be admitted under bond.

Water Storage . . . West Branch storage is now at 16.0 billion cubic feet. This is 28.0% of full storage and 15.9 billion cubic feet below rule curve. The storage plot on the rule curve indicates that the total storage increased steadily throughout the last seven weeks. With this increase in storage our chances of getting through the winter without serious difficulties are now very good.

Eugene L. Putnam attended a two-day conference in Augusta at which the general subject was forestry seeding and tree genetics. This is a growing field and one which so far has not been considered too important on northern woodlands. Our selective cutting has always left plenty of seed trees and reproduction has been done by nature. Will mechanical harvesting cause this picture to change?

The Company was host to thirty students from the University of Maine's Pulp and Paper School. The young men toured the East Millinocket Mill, the Engineering and Research Center, and the Coating Mill. Members of the Research Dept. and the Personnel Dept. acted as guides during the day-long tour.

Annual Christmas Party . . . Arrangements are under way for the Company's annual Christmas Party at the Millinocket Armory on December 10. Refreshments and a buffet lunch will be served and music for dancing will be furnished by Al Corey's band from Waterville. Tickets will be available beginning November 29 from Norman Savage in the Administration Building, Frank Whirty in the Engineering and Research Building, Wally Adams in the Millinocket Mill, Bob Montgomery in the East Millinocket Mill, and also from the Central Personnel Dept.
Great Northern’s Multi-purpose Program. . . . Most of the 700 miles of private access roads that have been built and maintained by Great Northern Paper Company over the years, have always been open to recreationists at no cost to the State or the public. Well over 100,000 visitors each year take advantage of this road system to reach their favorite hunting and fishing area that otherwise would be inaccessible. Few realize that the primary purpose of these roads is for the movement of equipment, supplies and labor to our operations and the transportation of timberland resources to our mills and other wood-using industries.

The increasing population, enjoying increasing income and leisure time, more and more are looking to the wide open spaces for recreation. This trend has been very evident in the ever-mounting traffic on Company roads. Woodlands Management was well aware that without proper planning and supervision the steady influx would soon create problems in road safety, fire prevention and increasing road maintenance costs as well as interference with the heavy equipment necessary to our needs. Furthermore, in the interest of safety and conservation, certain areas would have to be limited to a given number that could be absorbed without over-saturation.

As in previous years, gates at 20-Mile, Pittston; 4-Mile, Ashland; Elbow and Telos are manned to check the flow of traffic, assist the public with maps and information; and at Elbow and Telos a road usage fee is charged to all vehicles except Company personnel, fire and game wardens, and other persons on business connected with timberlands.

On the so-called American Realty Road, after consultation with other timberland owners having holdings in the area between 4-Mile and Telos, it was decided to improve and identify several camping sites for camper trailers, pickup campers and movable living quarters for which a land usage fee is charged and a temporary lease issued. Whenever possible, the lease is issued at the requested spot if not already occupied. If occupied, the equipment owner is given his choice of other available spots. This arrangement has worked very well in preventing overcrowding, keeping campers out of hazardous areas and promoting better public relations. A similar policy is followed on the Pittston road system.

Although some adverse reaction was anticipated from this innovation, we found the general public more than willing to pay a small fee for the many privileges available to them in Great Northern timberlands. The many administrative problems that developed in this experiment will have to be ironed out in order to have a more efficient program next season.

The Seboomook and Soursnahunk campgrounds continue to show an encouraging increase in public appreciation as indicated by their revenues with an increase over 1964 of 29% at Seboomook and 20% at Soursnahunk.

Paper production for seven weeks ended 11/21/65. . . .

<table>
<thead>
<tr>
<th>Production</th>
<th>1966</th>
<th>1965</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tons</td>
<td>Daily Avg.</td>
</tr>
<tr>
<td>Cedar Springs</td>
<td>48,085</td>
<td>981</td>
</tr>
<tr>
<td>East Millinocket</td>
<td>50,752</td>
<td>1,036</td>
</tr>
<tr>
<td>Millinocket</td>
<td>40,852</td>
<td>834</td>
</tr>
<tr>
<td></td>
<td>139,689</td>
<td>2,851</td>
</tr>
</tbody>
</table>
PLANS FOR 1966 MILL IMPROVEMENTS

No. 8 Paper Machine Speedup . . . . A Reliance electrical drive has been ordered for No. 8 paper machine at Millinocket. The top design speed is 1500 fpm. The associated modifications necessary for the increase in speed are additional cleaners, headbox recirculation pump, couch pit repulper, wire knock-off shower, paper roll drives, anti-friction bearings for dryer pinions and calender rolls, sheet tension device, Venta-Nip second press, and calender cooling. A furnish refiner will also be installed to improve sheet quality. The above equipment will provide means to produce quality base stock at the increased speed -- present speed is 1050 fpm.

No. 2 Paper Machine Venta-Nip Press . . . . A Beloit Venta-Nip press has been ordered for No. 2 paper machine at Millinocket. This unit will replace the existing multi-press which is in the second press position. The new unit will eliminate shadow marking and increase the dryness of the sheet going into the dryers, and reduce the horsepower requirements for the machine since this type of press requires no vacuum supply. A similar installation has also been approved for No. 3 paper machine at Millinocket.

Sulphite Plant Modernization Program -- Step III . . . . Equipment to be installed in 1966, under the sulphite plant modernization program, will include a new barking drum, three new chip storage silos (two spruce & fir and one hemlock), a new chip distributing system, the third sulphite vacuum washer, and a new batch digester. Installation of this equipment will increase sulphite pulp production by 25%, to 500 tons per day.

Groundwood Series Screening . . . . Additional screens, disc thickeners, and auxiliary equipment will be installed to provide a better grade of pulp. This will improve paper machine runnability and paper quality. Ultimately, we will be supplying only fine screened groundwood to the Millinocket Mill.

No. 5 and No. 6 Paper Machines . . . . The installation of Venta-Nip presses on No. 5 and No. 6 paper machines at East Millinocket has also been approved. Here again, the increased dryness and power reduction will reduce operating costs.

No. 3 Unit at McKay Station . . . . Equipment to be installed will include a water wheel and generator together with the necessary auxiliary protective and control equipment. It is estimated that installation will be completed in October 1967. This installation will increase the firm power generating capacity of the power system and will allow a more efficient use of our water.

Electrical Transmission System . . . . A complete computer study of our electrical power system has revealed the proper method of improving the reliability and safety of the system to be compatible with future electrical expansion. The work during 1966 will include a new transmission line between Millinocket and East Millinocket; two new circuit breakers at Millinocket, two at Dolby, one at East Millinocket; and a much improved protective relay arrangement.

A surcharge of $5 per ton on all cargo moving through Manila is being assessed by the Far East Conference, a group of steamship companies providing service between U. S. Atlantic Coast ports and the Philippines. Our paper shipments have been penalized by that amount. The reason for the surcharge is the long vessel delays due to congestion at Manila.

The U. S. Maritime Commission has recently ordered the discontinuance of the surcharge. Some months ago the Maritime Commission ordered the steamship companies serving Searsport to remove this charge, but on appeal the court reversed the decision stating the action should have been against the Far East Conference. The decision was based on the fact that members of the Conference do not assess the surcharge on shipments from St. John, N. B., and they are therefore discriminating against Searsport. At this time it is not known whether or not the matter will again be taken to court.
The recent power blackout of a vast area of the northeastern U. S., Tuesday, November 16, hit Great Northern's New York office at 5:28 p.m. Lights blinked, dimmed, and went out. Elevators were caught between floors. Subway trains stopped dead. Street lights and traffic signals went out. Airports had to shut down. Business ground to a halt, and about 15 Great Northern stalwarts, including new arrivals Vicki Hall and Ed Grindle from Bangor, were trapped in blackness 19 floors above the ground.

Fortunately, the Advertising Dept. was able to produce a battery-operated magnifying glass, and this small light enabled everyone to follow Leslie "Diogenes" Kewer (who led the procession) down the emergency stairwell 19 floors to the street. John Staples performed the rear guard action and was so far away from the light, he very nearly had to grope his way down.

Judging from the crowds waiting at each landing (and the smell of burned match sticks), Great Northern was the only group with a light in the entire building -- at least until the superintendent sent his men through. As Mr. Kewer passed by, these people would fall in behind and follow him as if he were the Pied Piper of Hamlin.

Once on the street, everyone split up to try and get home. Those living in New Jersey fared better than residents of Connecticut and Westchester. Bill Cozens spent most of the evening on the New Haven Railroad. As luck would have it, when he finally got off for a cup of coffee, the electricity returned, and the train left without him.

Others with similar problems included Frank Lantier, stuck for 5-1/2 hours in a subway car under the East River; Patricia Tomko, secretary to Robert Hellendale, trapped until 7:00 a.m. on a Long Island train; and Jim Mernagh, Charlie Thompson, Ed Gardner and Ed Leonick, members of the office bowling team who walked all the way to Queens from 13th Street in lower Manhattan (about ten miles). It took them over three hours.

Larry Sievers, General Service Man, had the worst experience. Larry was on the 21st floor when everyone left together from the 19th, and he ended up spending the night on the reception room couch. "It was the blackest night of my life," he said. Those executives and members of the New York office staff who were on hand at 5:28 p.m., November 16, would certainly agree.

Million Man Hour Contests . . . During the eight-week period from October 4 to November 26, 1965, Great Northern has given away eight transistor radios to the winners of the Million Man Hour Safety Idea Contest sponsored by The Great Northern Hour. Each week, a panel of judges from the Personnel Dept. selected the best safety idea for that week. The safety suggestions dealt primarily with home and outdoor safety. In all cases the winners were women.

The Great Northern Hour also sponsored another contest during the above period. Those who participated had to give their best guess concerning the number of man hours worked without a lost time accident by each of three participating groups -- Millinocket Mill (Group I), East Millinocket Mill (Group II), and the Administration, Engineering and Research Buildings and the Engineering Services Department (Group III). The prize, a Channel Master portable television set, was won by Mrs. Jean Marsh, wife of Rolland Marsh, Research Engineer.

Nine scholarships totaling $8,000 have been awarded since the inception of the Company's Million Man Hour Scholarship program. The goal of one million man hours worked without a lost time accident has been successfully attained twice by Group I and twice by Group II. The goal was last attained by Group II on October 22, 1963. Total hours accumulated in each group as of November 26 were: 117,300 hours - Group I; 386,169 hours - Group II; 200,000 hours - Group III.
Earnings for the first nine months of major pulp paper companies in U.S.A. and Canada are listed below. U.S. companies continued their upward trend with an 11.4% increase in net income over the comparable period in 1964. (For the first half, the gain was 9.8% -- see 9/8/65 newsletter.) Canadian profit, however, was still below last year's pace but there was improvement in the third quarter. While all twelve Canadians shown below reported sales increases, seven had income decreases compared with 1964.

<table>
<thead>
<tr>
<th>U.S. Companies</th>
<th>1965 Sales (000's)</th>
<th>% Change Since 1964</th>
<th>1965 Net Income (000's)</th>
<th>% Change Since 1964</th>
<th>1965 Per Share</th>
<th>1964 Per Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Boise Cascade</td>
<td>306,983</td>
<td>+13.0%</td>
<td>14,223</td>
<td>+16.2%</td>
<td>$2.61</td>
<td>$2.18</td>
</tr>
<tr>
<td>Brown</td>
<td>50,228</td>
<td>-1.2</td>
<td>1,087</td>
<td>-38.2</td>
<td>.43</td>
<td>.71</td>
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<tr>
<td>Champion</td>
<td>318,557</td>
<td>+10.8</td>
<td>13,066</td>
<td>+6.3</td>
<td>2.00</td>
<td>1.93</td>
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<tr>
<td>Chesapeake</td>
<td>39,500</td>
<td>+36.5</td>
<td>4,634</td>
<td>+94.7</td>
<td>3.44</td>
<td>1.77</td>
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<tr>
<td>Container</td>
<td>297,476</td>
<td>+3.2</td>
<td>19,936</td>
<td>+16.3</td>
<td>1.77</td>
<td>1.53</td>
</tr>
<tr>
<td>Crown Zellerbach</td>
<td>522,440</td>
<td>+5.3</td>
<td>34,685</td>
<td>-3.4</td>
<td>2.22</td>
<td>2.30</td>
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<tr>
<td>Diamond International</td>
<td>239,116</td>
<td>+4.4</td>
<td>17,631</td>
<td>+16.2</td>
<td>1.85</td>
<td>1.54</td>
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<tr>
<td>Federal Paper Board</td>
<td>71,510</td>
<td>+5.3</td>
<td>2,107</td>
<td>+29.7</td>
<td>1.47</td>
<td>1.04</td>
</tr>
<tr>
<td>Fibreboard</td>
<td>94,592</td>
<td>+1.2</td>
<td>2,780</td>
<td>-29.2</td>
<td>1.53</td>
<td>2.17</td>
</tr>
<tr>
<td>Georgia-Pacific</td>
<td>426,000</td>
<td>+6.2</td>
<td>35,520</td>
<td>+9.7</td>
<td>2.45</td>
<td>2.24</td>
</tr>
<tr>
<td>GNPCo. - year to 10/3</td>
<td>111,428</td>
<td>+19.4</td>
<td>8,586</td>
<td>+97.1</td>
<td>2.95</td>
<td>1.37</td>
</tr>
<tr>
<td>Hammermill</td>
<td>108,064</td>
<td>+17.5</td>
<td>4,728</td>
<td>+19.6</td>
<td>2.52</td>
<td>2.11</td>
</tr>
<tr>
<td>International</td>
<td>959,499</td>
<td>+4.2</td>
<td>59,567</td>
<td>+6.4</td>
<td>1.35</td>
<td>1.27</td>
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<tr>
<td>KVP Sutherland</td>
<td>100,678</td>
<td>+2.6</td>
<td>2,761</td>
<td>-32.0</td>
<td>1.24</td>
<td>1.83</td>
</tr>
<tr>
<td>Lily-Tulip</td>
<td>82,763</td>
<td>-1.1</td>
<td>4,992</td>
<td>+1.6</td>
<td>1.56</td>
<td>1.53</td>
</tr>
<tr>
<td>Mead</td>
<td>395,763</td>
<td>+6.4</td>
<td>15,177</td>
<td>+12.9</td>
<td>2.54</td>
<td>2.28</td>
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<tr>
<td>Oxford</td>
<td>62,097</td>
<td>+22.7</td>
<td>2,159</td>
<td>+346.1</td>
<td>2.09</td>
<td>.48</td>
</tr>
<tr>
<td>Rayonier</td>
<td>124,817</td>
<td>+5.4</td>
<td>15,113</td>
<td>+9.8</td>
<td>2.48</td>
<td>2.27</td>
</tr>
<tr>
<td>Riegel</td>
<td>103,513</td>
<td>+9.8</td>
<td>5,357</td>
<td>+32.9</td>
<td>1.47</td>
<td>1.19</td>
</tr>
<tr>
<td>St. Regis</td>
<td>470,242</td>
<td>+4.0</td>
<td>24,817</td>
<td>+13.3</td>
<td>1.94</td>
<td>1.72</td>
</tr>
<tr>
<td>Scott</td>
<td>337,038</td>
<td>+8.4</td>
<td>33,286</td>
<td>+11.5</td>
<td>1.15</td>
<td>1.04</td>
</tr>
<tr>
<td>Standard Packaging</td>
<td>112,270</td>
<td>-3.2</td>
<td>(1,342)</td>
<td>-158.7</td>
<td>-</td>
<td>.40</td>
</tr>
<tr>
<td>Union Bag-Camp</td>
<td>210,957</td>
<td>+10.0</td>
<td>17,836</td>
<td>+25.8</td>
<td>2.35</td>
<td>1.86</td>
</tr>
<tr>
<td>S. D. Warren</td>
<td>68,792</td>
<td>+7.0</td>
<td>6,368</td>
<td>+37.9</td>
<td>2.97</td>
<td>2.15</td>
</tr>
<tr>
<td>West Virginia</td>
<td>239,729</td>
<td>+7.0</td>
<td>13,461</td>
<td>+46.3</td>
<td>2.58</td>
<td>1.75</td>
</tr>
<tr>
<td><strong>Total U.S. companies</strong></td>
<td><strong>$5,854,052</strong></td>
<td><strong>6.5%</strong></td>
<td><strong>$358,555</strong></td>
<td><strong>11.4%</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Canadian Companies</th>
<th>1965 Net Income (000's)</th>
<th>% Change Since 1964</th>
<th>1965 Per Share</th>
<th>1964 Per Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abitibi</td>
<td>143,724</td>
<td>+6.2</td>
<td>$12,322</td>
<td>-3.6</td>
</tr>
<tr>
<td>Bathurst</td>
<td>Not available</td>
<td></td>
<td>1,483</td>
<td>-25.8</td>
</tr>
<tr>
<td>British Columbia</td>
<td>63,571</td>
<td>+16.7</td>
<td>7,546</td>
<td>-10.0</td>
</tr>
<tr>
<td>Columbia Cellulose</td>
<td>48,724</td>
<td>+5.2</td>
<td>2,059</td>
<td>-28.3</td>
</tr>
<tr>
<td>Consolidated Paper</td>
<td>93,050</td>
<td>.5</td>
<td>11,654</td>
<td>+2.2</td>
</tr>
<tr>
<td>Crown Zellerbach Canada</td>
<td>120,037</td>
<td>+15.6</td>
<td>9,422</td>
<td>-17.0</td>
</tr>
<tr>
<td>Domtar</td>
<td>300,159</td>
<td>+5.1</td>
<td>19,203</td>
<td>+7.8</td>
</tr>
<tr>
<td>Donohue Brothers</td>
<td>Not available</td>
<td></td>
<td>1,079</td>
<td>-8.9</td>
</tr>
<tr>
<td>Fraser</td>
<td>48,438</td>
<td>+.8</td>
<td>3,312</td>
<td>+13.5</td>
</tr>
<tr>
<td>Great Lakes</td>
<td>33,844</td>
<td>+13.9</td>
<td>4,184</td>
<td>+15.9</td>
</tr>
<tr>
<td>MacMillan, Bloedel</td>
<td>327,960</td>
<td>+7.2</td>
<td>31,238</td>
<td>+2.3</td>
</tr>
<tr>
<td>Price Brothers</td>
<td>82,120</td>
<td>+1.8</td>
<td>6,898</td>
<td>-14.4</td>
</tr>
<tr>
<td><strong>Total Canadian companies</strong></td>
<td><strong>$1,261,627</strong></td>
<td><strong>6.7%</strong></td>
<td><strong>$110,400</strong></td>
<td><strong>-2.2%</strong></td>
</tr>
</tbody>
</table>
KNOW YOUR COMPANY

This month's article dealing with the organization and functions of Great Northern focuses on the Stores division of Purchases and Stores at the Maine mills. It is the responsibility of the Stores Dept. to receive, inspect, manage, keep safe, and account for all materials, spare parts and supplies except pulpwood.

At Millinocket, the first storekeeper was Virgil A. Clay and the storeroom was located at that time across from the present mill yard office. Charles A. Murdock was the first storekeeper at East Millinocket and the storeroom was located in what is now the electrical repair shop. Originally, the Stores function was under the supervision of the Auditing Dept. but later became the responsibility of the Mill Managers. In 1963, Stores was changed to Central Stores and records moved to East Millinocket for consolidation. At this time, supervision of Central Stores became the responsibility of the Manager of Manufacture. In 1965, Purchases and Central Stores were consolidated and supervision of the combined departments came under the Manager of Purchases and Stores, John F. Marquis.

The Central Stores organization now includes the following supervisory personnel:

Jack J. Egan        Co-ordinator
William C. Birt    Senior Area Engineer
Mahlon C. Spruce   Material Supervisor
Richard A. York    Stores Foreman
Delmar F. Terrio   Stores Foreman
Charles W. Montgomery   Stores Foreman
George G. Bilodeau  Supervisor (Staff) Mechanized Inventory Records

In addition to the above, there are 33 weekly salaried employees in Central Stores.

Central Stores is now in a program of consolidation and computerization of stores records, including rearrangement of material locations at both mills. This program is designed to improve and modernize our Stores service functions.

The Star-Spangled Savings Bond Drive was completed for the mills, administration, and engineering and research groups on November 12. Employee participation in this payroll deduction plan was upped from 10% to 24%. The 47% participation at East Millinocket Mill was outstanding with special recognition due the Chemigroundwood and Plant Protection employees who are 100% subscribed. Other outstanding groups, all at East Millinocket, are Wood Room - 75%, Grinder Rooms - 70%, Office - 67%, Control Department - 58%. These groups will receive a special award from the U.S. Treasury Department.

Great Northern's concern for the educational opportunities of its employees is certainly reflected in its activities in this area in 1965. The September 8 issue of our Newsletter introduced an Education Assistance Plan and simultaneously, the University of Maine's Continuing Education Schedule was announced. To date, 23 employees have made applications for reimbursement under the Assistance Plan.

The University of Maine is extremely pleased with the response to their initial effort in Millinocket and report that more subjects will be presented as enrollment is increased. The subjects presently offered are Principles of Accounting, English Composition, and Advanced Mathematics. Advanced English, Business Administration, and another math course will be offered in the second semester of this year.
Personnel Changes . . . Allan E. Symonds has been promoted to the newly created position of Manager - Corporate Profit Planning effective December 1. In his new capacity, Mr. Symonds will report directly to the Controller and will be engaged in work related exclusively to that of the Planning Dept. . . . Harold (Pete) A. Grant, Systems Analyst, now reports directly to K. R. Veazie, Data Processing Specialist. Pete was formerly Supervisor, Finishing Room - Clerical. . . . Effective November 12, Waldo C. Preble was promoted to the position of Plant Engineer at the Cedar Springs Mill and will report to Bruce P. Ellen, Assistant Vice President and Resident Manager. Waldo was formerly Chief Design Engineer in the Central Engineering Dept. . . . Effective Nov. 15, Fletcher W. Lindsay, was promoted to the position of Acting Chief Design Engineer from Senior Process Engineer. He will report to R. A. Jordan, Chief Engineer. . . . Effective November 29, Paul I. Firlotte, Electrical Design Engineer and William H. Simpson, Senior Engineer, are temporarily assigned to Great Southern Division for a two-year period.

New Employees . . . Charles B. Gilman was employed on November 1 as a Senior Engineer in the Central Engineering Dept. Process Group. Prior to joining Great Northern he was employed by the Olin Mathieson Chemical Corporation. Charles received his B.S. in Mechanical Engineering from the University of Maine in 1950. . . . Thomas B. Libby was employed on November 1, as Junior Research Technologist in the Research and Development Dept. . . . Joseph M. Beaumont was employed on November 8 as Scheduling Supervisor in the New York Sales office. Since Joe was discharged from the aviation branch of the U. S. Navy, he has worked in mill-sales coordination and paper machine scheduling for both International and Bowater, accumulating much experience in scheduling of both groundwood and coated publication grades. . . . Ronald P. Terceira was employed on November 22 as Market Analyst. Ron has had previous experience in market research with U. S. Plywood and Dun & Bradstreet. He will report to F. V. Ernst, Market Research Director.

Congratulations . . . John F. Marquis, Manager of Purchases and Stores, was elected to the Board of Directors of the New England Council as one of the Maine Directors. The six New England governors are also directors of this organization whose purpose is to promote the New England states in our national economy.

Newsprint found to inhibit insects' sexual development . . . . Research being carried out at Harvard University has showed that certain newsprint contains a chemical substance which inhibits sexual maturing in some insects. The newly discovered hormone is manufactured by the balsam fir probably to defend itself against some ancient insect enemy. It prevents insects from maturing into adults and effectively stops reproduction. This find may lead to elimination of insects selectively without using sprays that endanger the lives of higher animals and useful insects. Ground-up newspapers may be a ready source of a hormone-like chemical to control some bugs.
Peter S. Paine, President, today issued a preliminary earnings report for the Company's newly adopted fiscal year which ended October 3, 1965. The report reflects, on a pooling-of-interest basis, the results of operations of Great Southern Land and Paper Company, which was merged with Great Northern on October 1, 1965.

Sales for the 1965 fiscal year were $111,000,000, compared with $93,000,000 in the previous twelve months. Earnings amounted to $8,586,000 of which Great Southern contributed $2,360,000. Great Northern's pre-merger earnings in fiscal 1965 amounted to $6,226,000, an increase of 37% over income in the previous twelve months.

After adjusting for the 2.5 for 1 split of the Common Stock which took place on October 1, 1965, earnings were $2.95 a share in 1965 compared with $1.37 a share in 1964, in both cases after deducting pro-forma dividends at the rate of 40¢ a share on the 1,962,000 shares of Preferred Stock also issued on October 1, 1965 as a result of the merger.

Mr. Paine pointed out that the fiscal 1964 results, on a pooling-of-interest basis, were depressed by the loss suffered by Great Southern in that year, which was its first year of operation. He also stated that all three of the Company's mills are now operating at capacity, and that orders continue to be received at a high rate. The Company's annual report is expected to be available in the latter part of December.

The Board of Directors, on October 20, voted a dividend of 25 cents per share on the new Common Stock, payable December 10, 1965 to stockholders of record November 20. As Great Northern stock was split two and one-half shares for one on October 1, this new dividend is the equivalent of 62 1/2 cents per share on the stock prior to the split.

The Board of Directors also voted to pay ten cents per share, January 3, 1966, on the Series A Preferred Stock to holders of record December 3, 1965. This is the first quarterly payment on this new stock which is entitled to 40 cents per share annually.

On October 7, the Cedar Springs Mill produced 1,228.6 tons of saleable linerboard, thus setting a world's record for liner produced on a single machine during a twenty-four hour period. This broke the old record held by St. Regis Paper Company's 'Seminole Chief' at Jacksonville, Florida by almost fifty tons.

Great Southern's machine also set a new mill production record by producing 27,841 tons of board for the first period of the 1966 fiscal year. The daily average for the entire period was 994.3 tons of saleable linerboard.
Peter S. Paine has announced that plans have been completed for the second phase of expansion at our Cedar Springs Mill which include installation of a third paperboard machine to produce semi-chemical corrugating medium.

The new machine will produce 9-point at a rate of approximately 110,000 tons per year. This could ultimately be increased by the installation of additional driers. Machine trim will be 256" identical to that of the presently operating No. 1 linerboard machine and the No. 2 linerboard machine currently being installed.

The schedule calls for start-up of the second linerboard machine by the second quarter of 1967. The third machine, just announced, will be on stream by the third quarter of 1967. These two additions will enable Great Northern to supply independent corrugated box manufacturers with all the standard grades of linerboard and semi-chemical medium.

Southern Division's Computer. . . . Definite progress is being made in using the GE-412 digital computer to control parts of the process. This computer was designed and installed with the rest of the mill with process control in mind. In fact, it had also been decided to make the first application on the board machine itself. However, first it was necessary to develop and test control strategies. The initial concepts were tested by GE in Schenectady by using an analog computer to simulate the board machine. Soon after mill start-up, Research and Development, in cooperation with Great Southern, set up a Process Dynamics Group to evaluate strategies on site. The TR-48 analog computer from Millinocket was shipped to Cedar Springs to repeat some of the GE investigations. Since that time the control strategy has been refined and reprogrammed many times. It has now reached the stage where the GE-412 digital computer is connected with the basis weight valve and the steam pressure set point of the board machine (actual operating experience is being gained). Other connections are proposed and the strategy worked out.

"The Silent Giant". . . That's what some people used to call us in years gone by. Until the middle fifties, or thereabouts, we did practically no advertising -- in fact, the Company was often mistaken for a railroad or a midwestern tissue mill. However, times change, and Great Northern has supported a consistent advertising program in a number of trade journals since 1955. As part of a continued strengthening of this program for 1966, Great Northern will run a unique, product-oriented corporate-identity campaign in Business Week, Time (East-Central edition) and Newsweek (Eastern edition) beginning November 22.

Six double-page advertisements in full color will be used with provocative headlines such as "We Got Shakespeare Down to 79 cents" (referring to the fact that one of the Company's grades is widely used by the publishers of paperback books); "The World Only Costs a Dime a Day" (a reminder of the importance of the daily newspaper and Great Northern's role as a supplier to American newspaper publishers); "We Grow Forests into Neat Packages" (a reference to the Company's new Great Southern Division which produces the kraft linerboard used by independent converters in the manufacture of corrugated shipping containers); and "How did Christian Dior Get to Dubuque?" (mass magazines have moved high fashion to the heartlands and Great Northern's lightweight coated paper is one of the grades used to carry these ideas to masses of people).

The new program is scheduled as follows:

Business Week -- November 27, December 25, January 22, February 26, March 26, May 28, July 23.

Newsweek -- November 22, December 20, April 25, June 20.

Time -- November 26, December 24, April 15, June 10.
RECENT DEVELOPMENTS IN MANUFACTURING

Millinocket Mill . . . . Supercalendar Crown Control . . . . A 'swimming
roll' for crown control was installed in the top position of No. 1 super-
calendar and started up on Saturday, October 16. The stack was also
converted to a nine-roll stack, eliminating the reversing nip. Evaluations
regarding loading and gloss two-sidedness are being conducted.

Sulphite Knotters . . . . The new sulphite hot stock knotting
system was successfully started up on October 8. This system consists of
two Improved Machinery Company centrifugal screens and one Improved
Machinery Company vibrating screen, installed between the dump tanks and
the sulphite washers. Its function is to remove knots and uncooked chips
from the sulphite pulp.

Bisulphite Pulping . . . . The sulphite mill was switched from
acid sulphite to bisulphite pulping on Wednesday, October 20. This was a
major step in our continuing program of expanding and improving our sul-
phite operation. The quality advantages of bisulphite over acid sulphite
have been established by various companies and laboratories. We have
demonstrated these advantages in our own research work and in an extended
mill trial last fall. Strengthwise, bisulphite is better in terms of both
 tear (indicating greater stress absorbing capacity) and tensile (indicat-
ing greater bonding strength). Bisulphite pulp tends to be brighter and
to be cleaner than acid sulphite pulp made from the same wood. Initial
test results are showing the expected quality improvements.

East Millinocket Mill . . . . Work is progressing on a system to utilize
bull screen rejects from the old grinder room. The system includes a
dewaterizer and shredder to reduce the size of the tailings. They will
then be pumped to the groundwood refiners. This should reduce pulp losses
at least 2 tons/day.

Great Southern Division . . . . No. 2 Paperboard Machine & Auxiliary
Equipment . . . . The major part of equipment required for the installa-
tion of No. 2 machine has been ordered and the major general contracts
have been negotiated. Babcock & Wilcox Company will be the general con-
tractor and Duncan Electric the electrical contractor.

Major equipment to be installed during this phase of the expan-
sion will include a new Beloit paperboard machine, the same width (280"
wire) as that of the presently operating #1 machine. In the Steam Power
Plant, a Babcock & Wilcox 500,000#/hr. power boiler and 307,000#/hr. re-
covery boiler plus additional evaporator capacity, and a General Electric
30,000 kw turbine and 51,200 kva generator will be installed.

To provide pulp for the new No. 2 machine will require increases
in the woodyard with another barking drum, additional batch digesters and
increased capacity in the pulp mill.

In order to handle the increased mill production a new finishing
and shipping building is now under construction.

Paper production for four weeks ended 10/31/65 . . .

<table>
<thead>
<tr>
<th>Production</th>
<th>1966</th>
<th>1964</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tons</td>
<td>Daily Avg.</td>
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<tr>
<td>East Millinocket</td>
<td>28,921</td>
<td>1,033</td>
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<tr>
<td>Millinocket</td>
<td>23,117</td>
<td>826</td>
</tr>
<tr>
<td>Cedar Springs</td>
<td>27,841</td>
<td>994</td>
</tr>
<tr>
<td></td>
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<td>2,853</td>
</tr>
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</table>

Millinocket Mill established a new record of 256.8 tons of
coated paper shipped on October 21. They also established a record in
production of coated paper for a 28-day period ended October 31 of
4,669.1 tons.
Penobscot West Branch storage is now at 16.2 billion cubic feet. This is 28.4% of full storage and 19.8 billion cubic feet below rule curve. This storage, combined with cutting back on river flows, has resulted in a considerable improvement of the rule curve situation.

The washout at the temporary Black Pond Dam has been repaired and with a good head of water, driving the stranded Black Pond wood has been reactivated. We hope to get this wood out into Chesuncook so that it will be readily available next spring.

Paul K. Patterson, Superintendent, Division of Forest Engineering, and Robert A. Leadbetter, General Superintendent, Purchased Wood, spent last week visiting southern Woodlands operations. They had an opportunity to observe southern woodlands procurement and land management operations. They also observed two types of mechanical tree harvesters in operation—namely the Busch Combine and Beloit Harvester. Both men were impressed with the short growth cycle of southern pine as compared with the growth cycle of northern conifers (spruce and fir). They found the southern woodlanders to be a well organized and efficient staff.

As of October 24, 352,734 cords of softwood has been cut---65% of the proposed cut for the 1965-66 season ending April 1. Of this amount 161,289 cords, or 46% has been delivered. There are approximately 18,500 cords piled down at sidings for delivery during the coming fall mud season when trucking is curtailed. About 96,000 cords of the cut is river wood, so in effect, 70% of the wood cut this year that could be delivered has been delivered.

We have just received notice that we have been allotted 228 bonded Canadian cutters for the remainder of the year. Our request was cut by about 27%, but we do have the right to appeal. This quota is for five months and ends the uncertainty as to our labor supply for winter operations. (All cords above are expressed in peeled cord equivalents—actual rough cords times .87.)

The congressional vote to include the Dickey-Lincoln School project in an omnibus bill in Congress is of interest to all Maine people. We have been told that this proposed $227,000,000 project would flood an area of 88,000 acres. Great Northern's ownership in this area is only about 8,000 acres.

If the proposed flooded area is to be cleared, the result would be an estimated one million cords of pulpwood. It is assumed that the flooded area would be cleared over a six-year period.

The impact that labor rates on a large project of this type would have on Great Northern's woods labor in northern Maine is stimulating some interesting discussion and contemplation in the Woodlands Dept.

If you are one of the lucky ones who gets to see your monthly salary check, you probably noticed a change in the last one you received. The monthly salary payroll has now been converted to a computer operation. October was the conversion month and the changeover was accomplished without too much blood, sweat and tears. It takes weeks of advance planning, programming and checking to make sure that the operation is clean and completely de-bugged. In this case, it certainly is, thanks to the cooperation between the Systems and Salaried Payroll departments.

The above conversion completes the present program of converting payrolls for computer preparation. The weekly salary payroll and the hourly paid Millinocket and East Millinocket Mill payrolls are computer prepared.
KNOW YOUR COMPANY

This month's article on the organization and functions of Great Northern is focused on the Millinocket.

The project which became the Millinocket Mill was originally conceived about 1891 by Charles Mullen (Mayor of Bangor 1911-1912) who was making a track survey for the Bangor & Aroostook Railroad through this area to Aroostook County.

In November 1898, the Northern Development Company (later in 1899 to be Great Northern Paper Company) was formed with Garret Schenck as President. Associated closely with Mr. Schenck were Charles B. Mullen, Civil Engineer, and James B. Mullen, Superintendent of the Clapp Soda Pulp Mill at Great Works, Maine. With the support of a group of Bangor business men and financial backing in New York and Boston, formulative plans for a 240-ton newsprint mill were drawn up.

Design and construction of the Millinocket Mill was carried out under the direction of Hardy S. Ferguson (first head of Engineering Dept. 1900-1911) who later became one of the foremost paper mill engineers in the country. Orders were placed for eight 152" fourdrinier machines with Rice Barton and Fales, capable of each producing 30 tons a day. Orders also were placed for waterwheels, generators, motors, grinders, digesters, screens, beaters, brick, fabricated steel and other items required for a mill of this size.

Actual construction started May 3, 1899 when a group of carpenters, living in tents, began building cook houses and sleeping quarters for the large crews of workmen who were due the following week. Approximately 2,000 laborers and craftsmen were employed in excavating the canal, penstocks, foundations and in building the mill. A majority of these men were immigrants from many countries.

On November 1, 1900 logs were supplied the Wood Room for sawing and debarking. Cleaned wood was sent to the Groundwood Dept. (48 two-foot grinders, capacity 240 tons/day) or chipped for the Sulphite Dept. (4 digesters, capacity 120 tons/day). First roll of newsprint was manufactured at 9:20 a.m. on November 9, 1900 on No. 7 paper machine.

Changes and alterations were continually made in the new mill as the technology of pulp and papermaking advanced. Many 'firsts' were established here which attracted world-wide attention throughout the industry. Some of these firsts were: Largest paper mill ever built (up to 1900 and for many years afterward); FIRST mill to use a continuous mixing-proportioning stock system for supplying furnish to paper machines; FIRST mill to install machines (No. 9 in 1914 and No. 10 in 1916) designed for 1,000 feet per minute; FIRST to manufacture newsprint at 1,000 feet per minute (No. 9 machine, April 1921); FIRST to use compressed air in threading lead-strip through machine; FIRST to use a Pope reel (invented by C. Elmer Pope, a Great Northern engineer); FIRST to use a vacuum recorder on a suction couch to determine basis weight and consistency swings; and FIRST paper mill to have an 8-hour working day - 1902 (all other paper mills at that time were on a 12-hour basis).

A partial list of major improvements include:

1902 - Installed 5th line of grinders.
1911 - Installed new 3-cylinder wrapper machine.
1912 - Installed 6th line of grinders.
1913 - Installed 5th digester.
1914 - Installed No. 9 paper machine.
1915 - Extended digester building and installed No. 6 and No. 7 digesters.
1916 - Started replacing Rodney Hunt water wheels with new 5,250 hp I. P. Morris turbines, grinder room.

Ripogenus Dam constructed. This dam impounds 30 billion cubic feet of water in Ripogenus Lake and Chesuncook Lake.
Millinocket Mill Organization (cont'd.)

1916 - Installed 3 steel outside groundwood storage tanks, 42' diameter 28' high (to save water wasted on Sunday). Five more tanks were installed between 1924 and 1953. Installed No. 10 paper machine. This brought mill production up to 430 tons/day.

1917 - Equipped machines with Pope reels and reel-off stands.

1920 - Completed installation of new Jenssen acid system, sulphite. Installed first Trimbey-Allen continuous mixing system, beater room.

1922/23 - New steam plant - installed 8 new 755 hp boilers, 200 psi.

1923 - Installed an experimental paper machine.

1926 - Installed three new chippers and screens in wood room.

1929 - Installed 3rd Jenssen acid tower.

1930 - Installed headboxes.

1931 - Completed new chemi-pulp system of digester relief and accumulators.

1932/33 - Removed two-foot grinders and installed 21 four-foot Great Northern grinders. (Nine additional Great Northern grinders were installed between 1936 and 1952.)

1935 - Installed power station at North Twin Dam. (9,300 hp)

1940 - Began rebuilding of No. 1 thru No. 6 paper machines (No. 6 was completed in 1952).

1942 - Installed crepeing dryer on No. 4 machine to manufacture both toweling and newsprint.

1950 - Began installation of automatic cooking controls on digesters.

1953 - Installed power station at Ripogenus Dam. (32,000 hp)

1954 - Began replacing Cameron winders with Beloit winders on paper machines.

1956 - Installed a filler clay system in preparation for groundwood specialty grades.

1957 - Completed new 1250 psi steam plant with turbo-generators.

1958 - Began installation of pressure headboxes on paper machines.

1959 - Changed to ammonia-base sulphite cooking liquor.

1960 - Remodeled wood yard and wood room for fresh wood program.

1961 - Changed to sodium-base sulphite cooking liquor.

1962 - Close-up of No. 2 paper machine for colored lightweights - catalog and directory grades.

1963 - New coater building, No. 1 off-machine coater and No. 1 and No. 2 supercalenders.

1963/64 - Conversion of No. 7, No. 8 and No. 9 machines to coating base stock manufacture.

1964 - Semi-bleached and waste kraft systems.

1965 - Finishing room automation and trainsheds rebuild. Digester flushing and washing system.

Close-up of No. 1 machine for lightweights.

New electrical drive, No. 7 machine.

Change to sodium-bisulphite cooking liquor for increased sulphite strength.
Millinocket Mill Organization (cont'd.)

The first mill superintendent was John A. Decker of Rumford, Maine. Following him as superintendents, and later as managers, were: George W. Witham, Ingleton Schenck, Joseph F. Nevins, Robert M. Hume, Ivan C. Ames, Paul M. Schaffrath, Thomas M. Barry and Robert J. Shinner. Present executives of the Millinocket Mill are:

Scott B. Weldon, Mill Manager
Arthur E. Dentremont, General Production Superintendent
Thomas M. Knight, Plant Engineer
Lothrop B. Bartlett, Superintendent - Pulp
Harry N. Packard, Control Superintendent
George F. Peckham, Jr., Superintendent - Coating
Howard S. Tibbitts, Plant Accountant

The Millinocket Mill is a completely integrated mill, producing all its own requirements of groundwood and sulphite. Production capability is approximately 1,000 tons of paper per day with a total employment of about 1,300 people.

Excerpt from Lawrence A. Appley's The Management Revolution . . .

"There is only one kind of acceptable performance -- that which measures up to the highest standards. The highest standard for each individual is that which his conscience tells him is best. The best in terms of the individual's conscience is the result of his environment, associations, knowledge, and training.

Churches, schools, and other similar institutions are dedicated to the purpose of having an impact upon human lives that will continually raise individual standards. Most individuals then spend their lives striving to attain those standards.

In other words, continuing individual exposure to the impact of highly motivated institutions and people raises standards, and life becomes more and more of a challenge to attain higher and higher ideals. This is growth; this is life.

The attainment of standards requires motivation, courage, practice, and self-discipline. Inactivity, protection from exposure, constant avoidance of challenge will never get anybody anywhere toward the attainment of acceptable standards or contribute to individual growth. . . . We should give some thought to what our own standards are and how well we are living up to them. Humility involves a realization that one falls short of full attainment of the highest standards of life and a deep belief that anything less than attainment of these standards is unsatisfactory. No one, therefore, is perfect. To some this is a challenge, while to others it is an alibi."

Quote from Pittston Farm Weekly --

Herb Snow at Kokadjo Post Office had a busy day last Friday, October 22, handstamping last day cancellations. Yep! Another small post office closes, another one of the famous landmarks in this part of the country will soon be forgotten -- another meeting place for the natives and summer people has gone by the board. Last year it was North East Carry -- this year, Kokadjo -- and next year there will be another, until eventually star routes will start out of Bangor or Waterville and the small country post offices will be just a memory. Something that was but now just ain't!
Personnel Changes . . . Effective November 1, J. H. Heuer moved to his new quarters in the New York office. . . Richard V. Osborn was transferred to Technical Executive Assistant - Operations, and Edwin N. Grindle was appointed Administrative Executive Assistant - Operations. Messrs. Osborn and Grindle are located in the New York office, reporting directly to J. H. Heuer, Vice President - Operations. . . Effective October 20, Frederick V. Ernst, Market Research Director, and Howard L. Thurlow, Market Analyst, were transferred to the Planning Dept. from the Sales Dept. and are reporting to A. C. Gniazdowski, Assistant to the Vice President - Planning.

Wayne F. Crowell has been promoted to the position of Accountant at the Great Southern Division, effective November 15. Wayne will report directly to K. E. Durden, Assistant Manager of Accounting. Wayne is now employed in the Internal Auditing Dept. in Millinocket . . . . David W. Doolan was promoted to the position of Management Auditor, effective October 8. He reports directly to Charles L. Oliver, supervisor of Internal Auditing. . . Effective October 1, Russell F. Smart, Supervisor, General Accounting, in addition to his present duties assumed the Pulpwood Cost function formerly headed up by J. H. McVey who retired on October 1. . . Lawrence A. Baker, Billing Supervisor, supervises the expanded Billing Dept. which now includes the Millinocket Mill Finishing Clerical Group. The consolidated department now located in the new Finishing Room building at the Millinocket Mill is known as the Billing Dept.

Donald E. York, Treasurer, will move to his new quarters in the New York office on November 15. . . Stanley G. Hawes will assume the duties and responsibilities now held by Miss Frances A. McDonald who retires December 1. Mr. Hawes' title will then be Manager - Compensation Section of the Treasury Dept., in Millinocket.

Scott B. Weldon was appointed Manager of Millinocket Mill, effective October 8, reporting directly to R. J. Shimmers, Resident Manager and Asst. Vice President. . . Effective October 13, Harry N. Packard was promoted to the position of Control Engineer at Millinocket Mill and reports directly to Scott B. Weldon.

New Employees . . . George G. Bilodeau joined Great Northern on November 1 as Supervisor (staff) Mechanized Inventory Records in the Stores section at East Millinocket Mill. Mr. Bilodeau reports to J. J. Egan, Coordinator - Purchases and Stores. . . Orin H. Merrill was employed on October 1 as Junior Research Physicist in the Research and Development Dept. . . Donald B. Grennon was employed on November 1 as Sales Analyst in the New York Sales office, reporting directly to F. J. Dunne, Sales Coordinator. Don was formerly with Arthur Andersen & Co. for six years, working in administrative services and auditing.

Resignations . . . Frederick C. Walter of the New York Sales office resigned November 1 to accept a position as Education Coordinator for the Department of Labor in Suffolk County, New York. . . Clyde Davis of the New York Sales office resigned October 15 to accept a position as Scheduler with Walter D. Peek, Inc. . . Donald L. Herman, Junior Research Engineer, resigned to accept a position with Union Carbide.

Retirement . . . Miss Frances A. McDonald retires on December 1 after 40 years of service. Frances came to Great Northern in 1925 as Audit Clerk, and was appointed Secretary in 1953. In 1954, she was promoted to her present position of Salaried Payroll Supervisor. Many readers must have had at least one occasion to contact Frances pertaining to their personal salary or pension status, and all join in wishing her many happy years of retirement.
Peter S. Paine has announced that Great Northern will invest more than $50,000,000 over the next two years in new production machinery and for plant modernization and expansion at our northern and southern mills. The larger portion of the new investment will be used to install a new linerboard machine at the Cedar Springs mill.

Mr. Paine's announcement coincides with the completion of the merger of Great Southern Land and Paper Company into Great Northern, which became effective at the close of business Friday, October 1. Great Northern had previously owned slightly more than 50 percent of the shares of Great Southern.

Estimated sales in the twelve months ended October 1 were approximately $110,000,000 and annual production in the last year was approximately 955,000 tons. This represents an increase both in production and sales over the previous year of about 20 percent.

The new linerboard machine is scheduled to be completed and in operation in the second quarter of 1967 and will enable the Company to bring its linerboard capacity to about 575,000 tons a year. The new machine will be particularly suited to production of the lighter grades of board. The present machine has operated at capacity since the startup of the mill at Cedar Springs two years ago. The product is sold to independent producers of corrugated shipping containers. Still further expansion at the Cedar Springs mill is under active consideration. This may include the installation of a third machine, to make 9-point semi-chemical corrugating medium, also used in the production of corrugated shipping containers. No announcement has as yet been made on such a machine, Mr. Paine pointed out, but studies are very nearly complete.

Under the agreement of merger, Great Northern is issuing one share of a new convertible preferred stock for each of the 1,961,784 Class A common shares of Great Southern in the hands of the public. Great Northern is also splitting its 1,057,521 presently outstanding common shares 2.5 for 1. The split will apply to Great Northern stockholders of record as of the close of business October 1, and certificates for the additional shares will be mailed on October 22.

The new preferred stock will have an annual cash dividend of 40 cents per share. It will be convertible at any time into shares of Great Northern's split common stock, in the ratio of 3.5 preferred shares for one common share. If not converted, it may be called, after October 1, 1970, at $10 per share.

New fiscal year . . . . Coincident with the merger Great Northern Paper Company has adopted a new fiscal year. Fiscal year 1965 ended at 12 midnight, October 3, 1965 and fiscal year 1966 began at the same time.
Peter S. Paine made the following announcement to all officers and department heads of Great Northern Paper Company and Great Southern Land and Paper Company on September 30:

As you all know, on October first the merger agreement between Great Northern and Great Southern will be consummated by filing the proper documents in Augusta, Maine, and Atlanta, Georgia. In my opinion, this will be an event that will open up great possibilities for the employees of both companies. Following the merger, we will be a company having annual sales of more than $110,000,000, having total assets of $195,000,000, and having a net worth of $97,000,000. And this does not take into account the additional facilities that will be installed at our three mills in the next few years. As most of you probably know, our Board of Directors at their September meeting appropriated $36,000,000 for capital expenditures at Cedar Springs and $4,200,000 for additional capital expenditures in Maine. Not yet acted upon but very much in our plans are additional capital expenditures in both the North and South which may approach an additional $40,000,000 in the next few years.

In order that we may take full advantage of the opportunities presented to us, we are making the following changes in the organization effective the Monday morning following the merger, that is on October 4, 1965:

Mr. Edward L. Cowan has been elected a Vice President of Great Northern Paper Company, and his title will be Vice President, Engineering and Research. He will have overall responsibility for engineering and research for the entire Company. Mr. Cowan will be located at our New York office. I understand that he expects to move to New York within the next month or so. Mr. Cowan will also have charge of the Traffic Dept. located at Cedar Springs and, after his move to New York, Great Northern's Transportation Dept.

Mr. J. H. Heuer, Vice President - Operations, will have overall charge of all manufacturing operations, including purchasing. Mr. Heuer will be located at our New York office in the near future.

Mr. Leslie G. Kewer has been elected a Vice President of Great Northern and his title will be Vice President - Planning. Mr. Kewer is also Assistant Vice President - Finance. Mr. Kewer will be located at the New York office after October first.

Mr. Donald E. York, Treasurer, will be located at our New York office in the near future.

Mr. Bruce P. Ellen has been designated an Assistant Vice President and Resident Manager in charge of all manufacturing production facilities at Cedar Springs and will report to Mr. Heuer.

Mr. John F. Steedley has been designated an Assistant Vice President in charge of all engineering of the Company and will report to Mr. Cowan.

Mr. James R. Adams will be Manager of Personnel for the entire Company and as such will report to Mr. Hellendale and will continue to be located at Millinocket.

These changes will create the need for several additional realignments in titles and reporting relationships. They will be developed in time after full consultation with the individuals concerned by the respective Vice Presidents. In the meantime, all other titles and responsibilities will remain unchanged.
This month's article on the organization and functions of Great Northern is focused on the East Millinocket Mill.

The construction of our East Millinocket Mill was started in 1906. It went into operation in 1907 with Melvin C. Adams as the first Mill Manager (Superintendent). It consisted of three paper machines and two groundwood mills. One of the groundwood mills, located at Dolby, was connected to the East Millinocket Mill by an underground pipeline. The Millinocket Mill then, as now, furnished the sulphite pulp. A fourth paper machine was installed in 1913.

Pulpwood was received in those days in the form of long logs, which were sawed into two-foot lengths by swing saws. Bark was first removed by knife barking machines, each two-foot stick being barked separately. In 1910 drum barkers, similar to the ones we have now, were installed. The wood was ground in two-foot grinders run directly off waterwheels, located in the dams at both Dolby and East Millinocket. The paper machines were driven by reciprocating steam engines. The electric power used in the mill was generated by a small hydroelectric station at Dolby. The production of the mill in 1913, after the fourth machine was installed, was about 200 tons per day.

In the forty years after 1913, every piece of the original equipment, with the exception of a few parts of the old paper machines, was removed and replaced; not once, but several times, with new machinery to keep pace with the industry. Such things as four-foot wood replacing long logs; four-foot grinders; converting Dolby grinder room into a hydroelectric station; building the Roy V. Weldon hydroelectric station; addition to our boiler plant; increasing the speed of our paper machines; installing suction couches and presses on our old paper machines. These were all part of 'keeping pace with the industry.' By 1953 we were capable of making approximately 300 tons of newsprint per day.

In 1953 a major expansion program was undertaken and an entirely new plant was built, almost surrounding the old one. This expansion involved the construction of a new wood room; water filtration plant; grinder room; screen room and boiler house; a steam-electric generating plant; the world's first commercial plant to make news grade groundwood pulp from hardwoods by the chemigroundwood process and the installation of two of the largest newsprint machines in the world.

The expansion of our pulp mills was such that we now operate 24 pulpstones and are currently producing approximately 650 tons of groundwood pulp, and 170 tons of chemigroundwood pulp daily.

The expansion more than tripled the production of the plant and, with concurrent modernization in the older parts of the mill, made it one of the most efficient production units in the industry, capable of turning out approximately 1,100 tons of paper every day, and employing about 750 people. The present executives at our East Millinocket Mill are:

Martin J. Roach, Mill Manager -- general supervision of entire mill.

Carl H. Reed, General Production Superintendent -- general supervision of production of pulps and paper.

Roy Y. Illingworth, Control Superintendent -- quality control of pulps and paper.

O. John Lombard, Plant Engineer -- supervision of maintenance and of the power plants.

George I. Bouchard, Plant Accountant -- cost control and reduction.

Note: The Personnel Dept. is indirectly responsible to the Mill Manager.

The organization chart on the following page details the management staff presently supervising the various departments.
In case you've wondered what the present value is of Great Northern stock in your name under the Incentive Profit Sharing Plan... As of the close of the stock market on September 30, 1965 each original share purchased in your name in January had grown to 1.01 shares and as of that date had a market value of $87.00. The cost of each share is approximately $50.68. This is a paper gain of $37.19 a share, or a 73% increase over the original value of the shares.

On September 1, the New York Order Processing Dept. started a new method of processing sales orders. The people in this department worked in cooperation with Arthur Andersen & Co. personnel for many months developing, testing, and modifying the proposed procedures. The objectives of this study were: 1) Integrate Great Southern and Great Northern order processing and scheduling into a single unit to increase personnel flexibility; 2) Centralize in New York, machine scheduling and trimming functions utilizing the same system for all mills; 3) reduce overall cost applicable to processing orders; 4) install faster and more efficient transmission equipment.

Changes of this magnitude necessitate extensive planning and coordination of all levels of management and staff personnel. In addition, any changes, small or large, require temporary adjustments in the normal routine of an employee's daily working habits. Changing long standing habits can be difficult and at times irritating. The New York Sales Dept., however, has demonstrated that a unified and cooperative effort by all those concerned can produce the desired results.

The following narrative briefly explains the new order processing procedures. All personnel and activities mentioned are now in one department supervised by Dave Martinson, Order Processing Supervisor.

All orders, when received by mail, phone, salesmen or teletype, are sent to the inside salesmen. These inside salesmen post variable information on a Xerox copy of the customer's master order form. They then consult with Scheduling personnel to determine that the incoming order can be produced and shipped in accordance with customer specifications.

The Scheduling personnel list the order on a "scheduling board." The board reflects the tentative identification of paper machines scheduled to produce the paper ordered by customers. This group now has the added responsibility of "trimming" the paper machine. The trimming function involves the merging and calculating the best possible combination of ordered basis weights, sizes, colors, etc., to obtain maximum utilization of the paper machine and provide good customer service. The resulting trim schedule is then transmitted to the mill.

Once the order has been reviewed by Scheduling, it is sent to the order examiner who carefully reviews every order processed through the department and is responsible for the control mechanism in the order processing system. He stops and re-routes any orders that are incomplete or appear erroneous in any way.

Orders processed through the above examination are then sent to the teletype and transmission operators who type a hard copy and simultaneously prepare a punch paper tape of the order. The typewritten copy of the order and the original handwritten copy of the order are then proofread. Necessary corrections, if any, are made at this time. The order is then transmitted to the mills over the new high speed data transmission equipment (1,000 wpm).
RECEN DEVELOPMENTS IN MANUFACTURING

Millinocket Mill... No. 7 paper machine started up on September 16 after being down for 18 days. During this time a complete new Reliance Electric Company electric sectional drive was installed. Thirteen new fibre dryer gears, larger fan pump motor, more cleaners, and a large selectifier screen were also installed. The fact that the new drive will now enable the machine to go to a speed of 1500 fpm is not an amazing thing by itself. What is amazing is that the DC power for the drive motors is 'generated,' not by the conventional motor generator set, but by a static power supply (no moving parts). The machine is presently running at 1300 fpm. Speed prior to shutdown was 1050 fpm. Corrective measures will be taken with the various pieces of equipment that are found to be limiting further increases in speed. This is the third such installation in the entire nation. The other two are on the West Coast.

As an auxiliary to the drive system, a complete digital speed and draw readout system has been installed. One of the unique features of this system is that the giant readout, located in the Paper Room, can be read from any location down the operating aisle. The numerals are 17 inches high. The speed or draw of any of the sections may be selected from either the wet or dry end. These same readings can be read on a unit in the drive control room for use in checking the drive system. This is a similar type readout unit as is on the coater. The start-up, considering a complete new drive was installed, was one of the best we have had. The machine was turned over to Production some eleven days ahead of schedule. This is a graphic example of what cooperative teamwork between all departments can accomplish.

A new trial system for controlling headbox level and pressure has been designed by Great Northern. The system was evaluated on #8 paper machine and proved to be beneficial. The equipment consists of a bubble pipe and a pad tank that controls the air flow into the headbox. Stock flow changes coming to the headbox, which are caused by power frequency fluctuations, are handled by a weir that fits inside of the headbox. Excess flow from the weir is piped to the wire pit. Advantages of the new system are better control of basis weight and easier grade changes. Work is now in progress to design a permanent system which will be capable of better flow control.

Sulphite washing efficiency... Tests on the efficiency of our new sulphite washers have confirmed that our sulphite pulp is now better and more uniformly washed. Total acidity data indicates that the change from blow pit to vacuum washing has approximately doubled the previous degree of washing and has reduced the variability of washing by a factor greater than fivefold.

East Millinocket Mill... No. 2 high pressure boiler has been overhauled and was put back in service on August 29. This completes the annual inspection, cleaning and repair of the high pressure boilers at both mills.

A Scaperm synthetic dryer felt was installed on No. 6 paper machine recently on the second top dryer section. This being a long life felt it is expected to reduce shutdown cost for felt changes, plus possible better drainage. Complete benefits of the new felt will not be known for some time.

Paper production for thirty-nine weeks ended 10/3/65...

<table>
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<th></th>
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<tr>
<td>East Millinocket</td>
<td>269,507</td>
<td>1,010</td>
<td>242,776</td>
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<td>Millinocket</td>
<td>212,336</td>
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<td>181,538</td>
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<td><strong>Total</strong></td>
<td>481,843</td>
<td>1,809</td>
<td>424,314</td>
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</tr>
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</table>
Woos of the supplier . . . On September 8, 1965, J. H. Heuer, Vice President - Operations, spoke at the Pheasant Run Inn, outside of Chicago, to a large group of supplier sales representatives for the pulp and paper industry. The main theme of Mr. Heuer's talk was what the pulp and paper industry will be expecting from the supplier in future years.

Some of the highlights of the presentation were: 1) the pronounced effect that today's rapid technological changes will have on obsolescence of supplier's products and industry's requirements; 2) the importance of research and the part it will play in filling the gap for profitable survival of both the supplier and the customer; 3) the need to recognize that the days of barroom selling are a part of the dead past and that the supplier is no longer selling to an old fashioned master mechanic or paper mill superintendent . . . . The supplier is not only going to be faced with sophisticated equipment and processes, but he will be communicating with a sophisticated group of people; 4) the wisdom of proper communication. . . . It does no good to gripe to the customer that his fault lies with his production people; complaints should be directed upward where creative action can result in benefits to both the supplier and the customer. When a sales representative complains to his customer, he sometimes does not realize that he is usually talking to production people who will lose respect for him . . . . The production man receives the same gripes from salesmen within his own company.

WOODLANDS NOTES

Later on this year, a 35 mm colored movie for wide screen projection entitled THE MAKING OF A MAGAZINE is to be released by Time-Life. The Woodlands Dept. cooperated with Time-Life for that part of the film where the script called for woodlands scenes. The purpose of this film is to show the public the many and varied operations necessary for the production of a magazine such as Time or Life. The aim of Time-Life officials, through their movie director, Nathaniel Greenblatt, is to produce this film in such a colorful and artistic manner that the public will grasp its significance with minimum commentary. Since the film, showing thousands of different scenes from the stump to the magazine rack, will be less than eighteen minutes duration, it is expected that the woodlands scene will consist of not more than two or three minutes of the completed movie. It is our understanding that 16 mm copies of these shots will be made available to Great Northern.

Due to a shortage of labor the A. Milliard camp has been closed until after the potato harvest. The other three Aroostook camps (Bartlett, Guerette and Saucier) are operating with reduced crews. The four camps in the Pittston area are fully manned and production is excellent. The Scott Paper Company cutters in this area have been on strike but, as of now, we have not been affected. Some attempts were made to influence our crews but we have hopes they will not be led astray.

We still have no final word from Washington concerning applications for Canadian labor for the next six months, however, they did grant us a 30-day extension, on September 30, for 239 men. This represents a substantial reduction in a quota of 400 men but it will take care of our need until after the potato harvest. We have verbal assurance that the program would not be interrupted provided we agree to pay 50 cents more a cord to the cutters for chain saw rental. This we have agreed to do and the new rate was effective September 27.

We have leased, with an option to buy, a Beloit tree harvester and a Beloit grapple-type skidder. These machines are due about October 10 and will be tried out in one of our Aroostook camps. The tree harvester, if it can work satisfactorily on our lands, should reduce the cost of wood harvesting. There will be more on this in a subsequent issue of the newsletter.
**Personnel Changes** . . . Effective October 4, Robert J. Shinners, Mill Manager, Millinocket Mill, was appointed Resident Manager of Operations of the Millinocket and East Millinocket mills. Bob will be located in the Engineering and Research Center at Millinocket, and will report directly to J. H. Neuer, Vice President of Operations.

In the Millinocket Mill, effective September 27, Charles D. Bears became Acting Paper Mill Superintendent. In this capacity, Charlie will report directly to A. E. Dentremont, General Production Superintendent. . . Allister M. Embleton assumed the duties of Acting Maintenance Superintendent.

In Central Engineering, David L. Dunham, Junior Engineer, has been granted a year's leave of absence to attend a graduate course at the University of Maine. . . Effective Sept. 1, Richard E. Pickering was promoted to the position of Engineering Planner.

Effective October 1, Adam C. Gniazdowski reports to L. G. Kewer and assumes the title of Assistant to the Vice President - Planning.


**Retirements** . . . Fred A. Hassett retires November 1 after 40 years of service with the Company. Fred was first employed in 1925 as a laborer at Millinocket Mill. He was promoted to his present position of Groundwood Tour Foreman in 1944. . . Neil Nicholson also retires Nov. 1 after 42 years of service with the Company. Neil was first employed in the paper room at East Millinocket Mill in 1923. He was promoted to his present position of Tour Foreman in 1958.

Best wishes for a happy retirement are extended to Fred and Neil.

Joseph F. O'Handley was employed on September 13 as an attorney and will be located in the New York office. He will report to Robert Hellendale, Vice President & Secretary. Mr. O'Handley is a graduate of New York University and the Harvard Law School and has been a member of the New York Bar since 1953. He resides in Garden City, Long Island, New York. Mr. O'Handley has engaged in the general practice of law as well as having had some experience in the paper industry.

Effective September 15, Great Northern Board Sales Corporation appointed Frank Lantier, Sales Coordinator with overall responsibility for order planning, scheduling and customer-mill liaison. He replaces R. K. Crippen who has been assigned new responsibilities as Director of Development. Mr. Lantier is well experienced in the industry, having held direct sales and management positions with several major paper producers.
Merger a certainty. . . . By almost an unanimous vote, stockholders of the Company voted on August 12 to favor a merger with Great Southern Land and Paper Company of Cedar Springs, Georgia.

Approval by Great Southern stockholders was announced at a special meeting held in Atlanta, August 10.

Assuming the merger is approved, Great Northern will be the surviving Company and each share of the present Great Southern stock will be converted into one share of a new Series A Convertible Preferred Stock of the combined Company.

The Series A Preferred Stock will carry a dividend rate of 40 cents per share per year. Great Northern will apply for listing of this new Preferred Stock on the New York Stock Exchange, where the Company's Common Stock is traded.

Company announces educational assistance plan to help employees continue studies. In brief, the provisions of this plan are applicable to all management and weekly salaried employees who are not members of a bargaining unit. All education and training that is directly related to the employee's field of work and is provided by an accredited school or college may be considered eligible under the plan. Financial assistance is to the extent of costs up to $50 and 50% of costs in excess of $50 with a maximum of $150 per student a year. Initially the student handles all financial transactions, but is reimbursed upon the successful completion of his study. Eligible employees will receive details by mail.

Simultaneously with the Company's announcement of the plan, the University of Maine has announced a schedule of continuing education classes in the Millinocket and East Millinocket area.

On August 29, 1965, Great Northern became owner of its first Company airplane. A twin-engine Piper Aztec Model 'C' was purchased through Central Maine Flying Service at Old Town, Maine. The plane is being operated by Richard J. Martin who has been hired as Chief Pilot and it will be based at Millinocket airport. A prefabricated hangar is scheduled for delivery and erection in October. Maintenance and servicing of the plane will be the responsibility of Mr. Martin who reports directly to J. H. Heuer on this function.

The scheduling of flights for this plane is the responsibility of E. N. Grindle in the Bangor office, who releases to all Company officers on either Thursday or Friday of each week a schedule of advance reservations. Further distribution of this schedule to management people will be at the discretion of Company officers. Miss Elizabeth Genter in the New York office and Mrs. Emily Farmer in the Millinocket office will coordinate with E. N. Grindle requests for plane reservations from their respective areas.
In spite of precipitation for the month of August being above average, our overall water storage picture did not improve during the month due to high flow made necessary by boiler overhauls. The precipitation for August at Ripogenus was 4.08 inches. Calendar year rainfall to date is 15.37 inches compared to an average calendar year to date of 25.56 inches.

As most people are well aware, North Twin Lake is practically empty. The outflow just about equals the inflow from Ripogenus and the Millinocket Lake Pumping Station. However, with the boiler and steam turbine overhauls out of the way and the summer behind us, we should be able to carry the expected loads for a high level of production with the available hydropower and by utilizing maximum thermal power.

In every cloud there's a silver lining and in this case it is the opportunity to rebuild North Twin Dam. A contract has been let to Cianchette Brothers of Pittsfield, Maine, to do this work, which will be going on this fall and winter. The project will in no way change the maximum water level at North Twin but will modernize the dam and restore it to first class condition. The most interesting feature of the modernization will be the replacement of the large log sluice and the present gates by two large Taintor gates -- each 50 feet wide by 27 feet high.

The Company's net income for the twenty-four weeks ended June 20, 1965 was at a rate of $2.72 a share, compared with $1.66 a share in the same period a year ago. The full text of the interim report to stockholders issued by Mr. Paine on July 23, is as follows:

"Net sales for the twenty-four weeks ended June 20, 1965 were $38,790,614, an increase of 21.7% over the $31,865,284 reported for the same period in 1964. Tons of paper shipped during the period showed an increase of 19.5% over last year. Net income after taxes amounted to $2,842,305, or $2.72 a share, compared with $1,730,017, or $1.66 a share, in the same period a year ago and represents an increase of 64.3%. In this comparison, 1964 results have been adjusted ... to put both years on a comparable basis.

The improvement in sales volume included a moderate increase in newsprint plus a substantial increase in groundwood printing and coated papers. Sales revenue benefited from modest price increases on certain specialty grades and on coated papers, which became effective at various dates during the period.

The figures above ... do not include Great Northern Paper Company's equity in the reported earnings of Great Southern Land and Paper Company, in which we have a 50.2% interest. Great Southern reported earnings for the forty weeks ended July 4, 1965 of $1,580,223 after providing for future income taxes of $1,308,000. Your equity in these undistributed earnings after tax amounted to 75¢ for each share of Great Northern stock outstanding, or an average per quarter of 25¢ a share."

The Directors at their July 21 meeting voted a quarterly dividend of 45¢ a share payable September 10, 1965 to stockholders of record on August 20.
First half earnings of major pulpaper companies in the U.S.A. and Canada are listed below. U.S. companies continued the upward trend with a 9.8% increase in earnings over 1964's first half. Canadian profit, however, dropped by 4.5% with eight of the twelve companies reporting decreases. This is particularly interesting because only one of the ten Canadian companies reporting sales showed a decline in 1965 volume, and only .7% at that. Increases in earnings per share were reported by 23 of the 38 companies. Note that the 1965 sales increase averaged 6% for the entire group.

<table>
<thead>
<tr>
<th>U.S. Companies</th>
<th>Net Sales 1965 (000's)</th>
<th>% Change Since 1964</th>
<th>Net Income 1965 (000's)</th>
<th>% Change Since 1964</th>
<th>Per Share 1965</th>
<th>Per Share 1964</th>
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<td>Boise Cascade</td>
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<td>$8,301</td>
<td>+15.4%</td>
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<td>Brown</td>
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<td>Champion</td>
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<td>8,484</td>
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<td>Keyes Fibre</td>
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<td>Lily-Tulip</td>
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<td>Total U.S. companies</td>
<td>$3,803,609</td>
<td>+6.0%</td>
<td>$235,583</td>
<td>+9.8%</td>
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<th>Canadian Companies</th>
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<th>Net Income 1965 (000's)</th>
<th>% Change Since 1964</th>
<th>Per Share 1965</th>
<th>Per Share 1964</th>
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<td>Abitibi</td>
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<td>Bathurst</td>
<td>Sales not reported</td>
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KNOW YOUR COMPANY

This month's article dealing with the organization and functions of Great Northern focuses on the Purchasing division of Purchases and Stores.

The Purchasing Dept. is responsible for the procurement of all materials, equipment, supplies, and services used by the mills, with the exception of pulpwood, insurance, electric power, real estate, and specialized outside services.

From 1899 until 1954, the Purchasing Dept. was located at the Boston Offices, originally at 194 Washington Street, then at 60 Congress Street, and finally at 201 Devonshire Street.

Early records make no mention of a purchasing agent until 1907 when Fred T. Dolbeare, Mr. Schenck's private secretary prior to the organization of Great Northern Paper Company, was named Traffic Manager and Purchasing Agent. In 1912 the positions were separated and Mr. Dolbeare retained the title of Purchasing Agent until his retirement in 1947. The department consisted of a Purchasing Agent and Stenographer until 1927 at which time a third person was added.

When Mr. Dolbeare retired in 1947, Ashton E. Gourley, Assistant Purchasing Agent was named Purchasing Agent, and has continued in the position to the present time.

In 1951, C. B. Stanwood was named Director of Purchases, and retained this position until the department was moved to Bangor in 1954, at which time the Manufacturing and Woodlands procurement departments were combined under the supervision of Mr. Gourley. The Company's program of expansion at the mills in 1961 combined with major capital work, required an Engineering Purchasing Section. This was located at Millinocket and supervised by Eugene D. Fairley who joined the Purchasing Group from the Plant Engineering Dept. In November 1962, the Purchasing Dept. for the mills was transferred to Millinocket. The Woodlands purchasing group remained at Bangor as a separate unit, with James S. Hooper as Buyer - Woodlands Dept: reporting directly to John T. Maines, Vice President & Mgr. of Woodlands.

In April 1965 Purchasing and Central Stores were consolidated, and John F. Marquis was appointed to the new position of Manager of Purchases and Stores reporting directly to the Vice President - Operations.

The departmental organization now includes the following management personnel:

Ashton E. Gourley, Purchasing Agent
Eugene D. Fairley, Administrative Assistant
Erlon W. Crowther, Buyer
Randolph R. Robinson, Assistant Buyer and Expediter

Since the purchasing function cannot be completely described without including some of the storeroom responsibilities, part two of this article will deal with Central Stores history and the function of purchasing and stores as an integrated unit.

The National Conference of Junior Achievers was held in Bloomington, Indiana, the week of August 22. Russell W. York, Training Director, accompanied four Achievers from this area: Miss Judy Gardner, Miss Penny Mattall, Thomas Osborn, and Frank Johnson. These young people were official delegates from Great Northern sponsored Junior Achievement companies in Millinocket and East Millinocket, and they were selected by their Advisors because of outstanding performance in their J.A. company.
Operation Maine Woods . . . September 3 saw the successful conclusion of a most interesting and rewarding sales promotion program which utilized several departments of the Company and promoted Great Northern's customer relations among a wide field of publishers in 12 states.

The project, a joint endeavor of the Newsprint Sales Division and the Central Personnel Dept. entailed the entertainment of 158 newspaper boys with 92 chaperones at Rainbow Lake camps and at the Company's pulpwood operation at Jo-Mary Lake.

Early last spring the participating publishers conducted circulation contests among their newsboys, the prize being a five-day vacation in the Maine woods as special guests of Great Northern Paper Company. Thirty-five publishers were involved and the visiting groups included two representatives of each publisher.

A tour of the Company's plants took care of the first forenoon. Lunch at the Guest House and plant visits continued in the afternoon until 3:50 p.m., at which time the boys were flown to Rainbow Lake camps.

After dinner, State of Maine game wardens made special flights to entertain with films and talks on wildlife, safety and woods recreation. This was followed by swimming, fishing and games, after which movies of sporting events and of Maine scenery, particularly the Katahdin area, were enjoyed.

The first full day at Rainbow began at 7 a.m. After a hearty breakfast, each boy was given an outline of the planned activities of the day and received his fishing gear, maps, lunch and pack. From then on, they were busy hiking, fishing and thoroughly enjoying a thrilling new experience for most of them. In the evening, the story of the pulp and paper industry was told and questions answered. As most of these boys did not know that the papers they delivered daily came from an evergreen tree in northern Maine this was an interesting subject.

The second day at camp was similar to the first except that it included a cookout on the beach.

On the third day after lunch, presentation of inscribed plaques to the boys who had caught the largest fish were made. Then, they were flown to the Company pulpwood camp at Jo-Mary Lake. Here they were assigned to their bunk house. After dinner a Company forester and State Fire Warden explained their work and the reason for it. Slides were also shown.

On the last day, they arose at 7 a.m., had breakfast and proceeded to the wood cutting operation. Here they saw lumberjacks felling, limbing and yarding logs. They viewed the latest mechanical logging equipment operating beside horses and horse-drawn equipment. Following lunch at 11:30 a.m., they reluctantly started for home amid the farewells of their new-found friends of Great Northern. As mementos of their visit, each took home with him a kit containing literature on Great Northern and the State of Maine, a certificate of enrollment in the Great Northern Paul Bunyan Club, a State of Maine shoulder patch, a plastic underarm case and a jackknife; also, a personal letter from Governor Reed, welcoming them to the State of Maine. Each of these boys can look back on his visit with Great Northern as an outstanding event in his life.

Letters of appreciation by the dozens have been received from the newspaper boys and the publishers employing them.

This year's outing for Company Supervisory personnel was held at the Rice Farm on August 12 with a record attendance of over 250 people. A large number of retired employees were in attendance.
Effective August 23, the Traffic Dept. moved to their new quarters in the Administration Building at Millinocket. The transfer from Bangor involved the entire staff. The text of the announcement made by A. M. Cloninger, Director of Transportation, continues as follows:

"In order to better describe the activity of the department, it will be known henceforth as 'Transportation Department.'

As our overall production increases with additional products, accompanied by new customers, the function of arranging adequate transportation of materials into our mills, and finished products to our customers, becomes more critical.

Furthermore, the many technological advancements and innovations available in the field of transportation and distribution must be fully utilized by our Company if we are to remain competitive, so that management can be assured of the most economical means of reaching the consuming market place for our products, and, similarly, for the inbound movement of required mill furnish and supplies.

By the establishment of this department at Millinocket, we believe that we can better serve all mill departments, and further improve service to our customers.

In addition to providing on-the-spot assistance in the movement of our finished products to our customers, the department will be readily available to handle the transportation function of our other departments, such as Purchasing, Engineering, Woodlands and Accounting.

Departmental changes of personnel and functions are as follows: Frank R. Keenan will continue as Traffic Manager and Alan F. Hamel becomes Assistant Traffic Manager. Both men will report directly to the Director of Transportation in our New York office, where he is assisted by Robert C. Black, Assistant to Director of Transportation. Reporting to Mr. Hamel will be Charles E. Brewster, Rate Analyst; and Carroll Austin, Damage Prevention Supervisor, both of which are new positions."

Educational television is certainly not a novelty any longer. Its innovations and applications, however, are sometimes unique. Such was the case this year -- we participated with our competitors in the paper industry, public utilities, private businesses and service organizations in a televised 'Modern Supervisory Training Program.' In a ten-week period, 48 of our supervisors through guided discussions and television presentations over Channel 12, University of Maine, studied supervisory problems from human relations to time management. Although enrollment by all participating companies was in excess of 700, Great Northern had the largest individual group.

The University was very pleased with the response of industry and is already planning future courses of this type.

<table>
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<th>Paper production for thirty-five weeks ended 9/5/65</th>
<th>1965</th>
<th>1964</th>
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<tr>
<td></td>
<td>Daily</td>
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<td>Production</td>
<td></td>
<td></td>
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<tr>
<td>East Millinocket</td>
<td>Tons</td>
<td>Avg.</td>
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Canadian Labor . . . Without a doubt, all newsletter readers located in Maine have seen the newspaper advertisements for woodsmen these past few weeks. Why? What is going on? . . . First, on September 30, all bonded Canadian woodsmen must return home as their bond permits expire. Will these men be allowed to come back after October 1? . . . Well, that's the million dollar question! Representatives of Maine's logging industry have presented their case in Washington, and again last week in Boston. There will be more meetings. In view of the concession made to the apple and potato growers, we are optimistic.

Just what would cutting off Canadian labor mean insofar as Great Northern is concerned? The Company has in its nine Company-operated camps some 400 Canadian woodsmen . . . of these 95% are production men in that they cut the wood. Without them we would be able to man only two camps. Weekly production in these camps would be cut from about 7,000 cords a week to less than 2,000 cords a week. In addition, many independent contractors who sell us wood use Canadian cutters and their production would be hit equally as hard.

Canadians cut the first wood on Company lands above Greenville at the turn of the century. Thousands of mill jobs are dependent on the logs and pulpwood cut by our Canadian neighbors. Developments between now and October 1 will be watched with great concern by everyone in Maine.

Wood Production . . . To date, we have produced 49% of the wood called for by our 1965 contracts. Summer deliveries of rail and truck wood have been very good with 59% delivered as cut. Some rail wood must be held back to cover mill requirements through the muddy fall season.

In late June, it was obvious that considerable river wood was not going to be delivered because of low water conditions. Some 54,000 peeled cords are still stranded above Ripogenus Dam. Provisions have been made to replace this with rail and truck wood; however, it now appears possible that about 28,000 cords more between Ripogenus Dam and Ambajejus may be left behind due to water conditions in the lower lakes. If this becomes a fact, it will be necessary to make further adjustments in wood procurement.

Due to the fact that Ripogenus Dam never came close to filling this past spring, some 27,000 cords of wood landed on Black Pond flowage would not float and had to be left behind for the 1966 drive. Could a simple dam be built on Caucomgomoc Stream that would raise the water enough to float the wood? . . . The answer -- yes, for about $5,000 it could be done. R. S. Kleinschmidt, Hydraulic Engineer, was called in and rendered valuable help in designing an A-frame dam. H. N. Bartley, Superintendent - Mkt. District, and N. LeVasseur, Drive Foreman, scrounged around and picked up old boom logs, planking, cable and mill canvas. Nelson took some men off the drive, and in short order the dam was up and holding water. As the water rose, wood floated, wind was favorable for three days, and half the wood was sluiced. Then nature took over -- the wind shifted to the rainy quarter and blew away the remaining wood. The rains came. Over eight inches of rain fell during August in the Pittston district. Caucomgomoc gates had to be opened and then the dam blew. An excellent inexpensive idea, a remarkable feat of quick engineering and rapid construction, nullified by the woodlander's age old nemesis -- Mother Nature.
Promotions and transfers . . . In Millinocket Mill, effective August 1, Ralph E. Gross was promoted to the position of Control Engineer. Ralph was formerly with Research and Development. . . Arthur E. Curtis was promoted to Tour Foreman - Sulphite. Arthur transferred from East Millinocket Mill as Tour Foreman - Pulp. . . Effective August 16, Donald J. DeVoe was promoted to Tour Foreman - Groundwood. . . Robert M. Hersey was promoted to Tour Foreman - Paper. . . James A. Goodwin was promoted to Tour Foreman - Paper.

In East Millinocket Mill, effective August 25, Richard D. Violette was promoted to Technical Assistant to the Paper Mill Superintendent. . . Effective August 9, Howard D. Gardner assumed the position of Tour Foreman - Pulp.

In the Sales Dept., Frederick V. Ernst was promoted to Market Research Director, effective July 22. Fred will be responsible for the coordination of all phases of the Company’s Market Research program including the direction and preparation of statistical reports, sales forecasts, and analytical studies. He will report to Howard Willets, Jr., Executive Director of Sales Development.

In the Transportation Dept., Alan F. Hamel’s title was changed to Assistant Traffic Manager, effective August 23. Reporting to Mr. Hamel are Carroll H. Austin, Damage Prevention Supervisor, and Charles E. Brewster, Rate Analyst. Both of these positions are newly created.

Retirements . . . Donald O. Davis retired September 1 after 48 years of service with the Company. Don was first employed as a clerk in the New York Sales Office September 10, 1917. He was made Office Manager in January of 1953 and retires as Inside Salesman, a position he has held since 1956. . . John H. McVey retires on October 1 after 47 years of service with Great Northern. He was employed on August 1, 1918 as a file clerk in the Woodlands Accounting Dept. in Bangor, and came to Millinocket when the department was transferred in 1938. John held various clerical positions in Woodlands Accounting and was promoted in 1946 to Assistant Accountant. In 1954 he was promoted to Analyst in the Controller’s Dept., and will retire as Pulpwood Cost Supervisor, a position he has held since March 27, 1959. . . William M. Praught retires October 1 after 44½ years of service with the Company. Bill started his employment in 1921 as a clerk in the Woodlands Accounting Dept. in Bangor and transferred to Millinocket in 1928. He was promoted to his present position of Service Supervisor in the Central Personnel Dept. on December 1, 1955.

Best wishes for a happy retirement are extended to Don, John and Bill.

Resignation . . . Wesley P. Ringdahl left Great Northern on August 20 to accept a position as Assistant Chief Engineer with Riley Stoker Company, Worcester, Mass.

New Employee . . . Richard J. Martin was employed recently as Chief Pilot. Dick is from Brewer, Maine. Prior to his employment with Great Northern he was the Charter Pilot for Central Maine Flying Service.

Death . . . E. Victor ‘Vic’ Cram, retired Construction Engineer, died on September 2. Mr. Cram joined the Company in March 1921 as a draftsman, and was employed in the Engineering Dept. for thirty-six years until his retirement on April 1, 1957.
A special meeting of Great Northern Paper Company stockholders called to consider the proposed merger of Great Southern with Great Northern will take place at 10:30 a.m., Thursday, August 12, in the Company’s Engineering and Research Building. A similar meeting for the holders of Great Southern stock is scheduled for August 10, in Atlanta.

The proposal has been approved by the directors of both companies and, if the stockholders also concur, the agreement of merger provides that the merger will become effective at the close of business, October 1, 1965.

The surviving corporation (Great Northern) will have 17 directors, four more than Great Northern has at present -- Hoyt Ammon, Chairman of the Board, United States Trust Company of New York; Howard G. Brush, Vice President - Finance, Great Northern; Edward L. Cowan, Executive Vice President, Great Southern; Richard G. Croft, Chairman of the Board of Great Northern; Robert A. Haak, Vice President - Sales of Great Northern; Robert Hellendale, Secretary of Great Southern, and Vice President & Secretary of Great Northern; J. H. Heuer, Vice President - Operations of Great Northern; Luke B. Lockwood, Attorney, Carter, Ledyard & Milburn; John T. Maines, Vice President - Woodlands of Great Northern; M. C. McDonald, retired, Consultant to Great Northern; E. Spencer Miller, President, Maine Central Railroad Company; John J. Neely, Chairman of the Board of Great Southern; Peter S. Paine, President of Great Southern and President of Great Northern; Walter D. Sanders, Attorney, Sanders, Mottola & Hangen; T. Hiram Stanley, Honorary Chairman of the Board, Royal Crown Cola Company; Frederick K. Trask, Jr., partner, Payson & Trask (investments); James W. Walker, Vice President, Brady Security & Realty Corporation.

When the merger becomes effective, it is expected that the Great Southern Mill at Cedar Springs will be expanded by the addition of a second paper machine capable of producing 250,000 tons of kraft linerboard annually. This machine and the necessary additional supporting facilities are expected to cost approximately $30,000,000. Construction will be completed in 1967.

Management and Mill Labor Unions formally signed the 1965 Labor Agreement at the Company staff house on July 16. This completes negotiations with the 12 Locals (representing 1,900 employees) who are signatory to the contract and with whom bargaining began in Bangor on June 8.

The new labor contract is effective July 1, 1965 for a two-year period. In the first year there is a wage increase of 7¢ per hour, an increase in shift differentials to 9¢ per hour on the second shift and 13¢ per hour on the third shift; a fifth week of vacation after 30 years, and various changes in the insurance plans for both active and retired employees. The second year provides for a wage increase of 2½%, a floating holiday, and an increase in life insurance.

J. R. Adams, Manager of Personnel - Mfg., was chairman of the management delegation which consisted of the following men: R. Hellendale, Vice President & Secretary; M. J. Roach and R. J. Shinners, Mill Managers; T. M. Knight and O. J. Lombard, Plant Engineers; R. E. Montgomery and W. L. Adams, Personnel Supervisors; and J. B. Rogers, D. W. Bail, and J. C. Preble from Central Personnel.
RECENT DEVELOPMENTS IN MANUFACTURING

Millinocket Mill . . . . No. 1 paper machine had an excellent start-up June 28 after being down for four weeks. The major improvements made during this shutdown were: closed system, leveled fourdrinier, Ventanip second press, dryer drainage system, second calender, horizontal reel, basis weight gauge, and small winder drums. The closed broke and white water system on this paper machine incorporates improvements over the system installed on #2 paper machine in 1961. These changes will permit retention of broke within the machine system and reduce sewer losses. They should also reduce downtime for grade changes. A Bolton-Emerson #202 claflin was installed to refine the total machine furnish. This, together with the level fourdrinier, should improve the formation of the sheet. The gloss calender and two 60" dryers were removed to provide space for a second calender. The existing calender was relocated toward the wet end to allow for the installation of the basis weight gauge and horizontal reel. A new Mason-Neilan thermo-compressor dryer drainage system was installed to replace the outdated cascade system. All of these improvements should combine to permit #1 paper machine to produce Great Northern's lightweight and colored specialty papers.

The coater continues to operate in the speed range of 2800-3000 fpm. It has run for extended periods of time at 3000 fpm on 45# paper making successful flying pasters. Average speed is 2700 fpm on 38# Norblade. Two and one-third paper machines are required to keep the coater supplied with base stock.

Many of the bugs are now worked out of the Lamb-Grays Harbor automatic wrapping machine and we are normally processing all rolls manufactured through this machine with the exception of some prewrapping and oversized rolls.

Sulphite mill is now on 100% digester flushing system with good results on clean blows. The flushing liquor pump has been relocated to the new flushing liquor tank. Construction of the second digester dump-tank has been started as well as the washer building extension over the two new tanks.

Improved wire life . . . . On June 22, a wire was removed from #5 paper machine at East Millinocket after a 14-day run. This is a record wire life for #5 machine.

Make Your Plans Now . . . . The Personnel Dept. announces that the annual Foremen's picnic will be held at the Rice Farm on Thursday, August 12.

The first paper mill in 'America' was not the famed Rittenhouse mill at Germantown built in 1690. Mexico holds the honor of having the first mill with one built at Culhuacan near Mexico City in 1590. A second mill was erected in 1643, also near Mexico City, and archaeologists have uncovered bark beaters which indicate that the Mayans were making paper from the fig tree long before the recognized founder of the paper industry, Ts'isi Lun of China. Beaters are thought to be 2,000 years old.

-- Pulp & Paper Int'l

Georgia Pacific will start shipping kraft pulp made from redwood at Samoa, California this fall. This is first pulp made from redwood on a commercial basis.

World's Largest Rewasher Aids in Fight Against Pollution . . . .
The world's largest vacuum rewasher has just been put into operation at Great Southern Land and Paper Company's pulp and paper mill at Cedar Springs, Georgia. The rewasher, 13 1/2 feet in diameter, by 28 feet long, gives the wood fibers a final washing before they are formed into linerboard.

Before installing the giant piece of machinery, the waste material from the fibers had to be discharged to the plant's waste treatment system. Great Southern's waste discharge to the river is rigidly controlled according to the river flow rate. Now this waste material is being recovered and returned to the system thus substantially reducing the load to the waste treating system. Bruce P. Ellen, Vice President, Production, points out that the rewasher, installed at a cost of over $150,000, is another voluntary step in Great Southern's continuing efforts to cooperate with Federal and State water quality authorities in keeping the Chattahoochee River as free of pollution as possible.

-- Early County News

Water Storage . . . . The Penobscot West Branch storage is now at 24.9 billion cubic feet. This is 43.7% of full storage and 26.3 BCF below rule curve for this date. Precipitation for the month of June averaged 58% of normal but ranged from 18% to 127% at individual sites. No pattern of high or low precipitation areas was discernible and the variation was the result of nearly all rain falling from shower activity. For example, the monthly total at Millinocket was only 0.68 inches while Pittston had 3.47 inches.

Lack of normal rainfall for four months and the necessity to increase river flows to take care of the waste from the sulphite mill have caused our storage to nosedive toward the end of the month. The seriousness of the present drought can be appreciated when it is noted that since storage dropped below rule curve we have averaged less than 2,400 cfs. Without doubt this is the most serious drought the Company has experienced in many years, if not in its entire history. Our probabilities of running out of water by next April are still less than fifty-fifty, but if appreciable amounts of rain do not fall in the near future, we could well be down to the fifty-fifty level before the end of July. The official weather bureau's thirty-day outlook for July calls for normal precipitation; however, for June they called for heavy precipitation and we certainly did not get it! The heavy rain over the past weekend brought precipitation for July to nearly normal but much more is needed to bring storage to the desired level.

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<td>Daily</td>
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<tr>
<td>Production:</td>
<td>Tons</td>
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<tr>
<td>East Millinocket</td>
<td>193,878</td>
<td>170,692</td>
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<td>Millinocket</td>
<td>153,603</td>
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<td>347,481</td>
<td>298,125</td>
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Production of paper and paperboard in the United States reached a new peak of 41.2 million tons in 1964 -- the sixth consecutive record year.

-- Paper Sales
KNOW YOUR COMPANY

This month's article on the organization and functions of Great Northern is focused on the Controller's Dept.

The early functions of a controller were handled by the first Treasurer, J. Sanford Barnes, an associate of Col. Oliver H. Payne, then the Company's largest stockholder, and by the Clerk, Charles W. Mullen, who had been Treasurer and Clerk of the Northern Development Company. Mr. Mullen remained Clerk of Great Northern Paper Company after the change of name and organization in 1899. He was replaced in 1901 by A. Ledyard Smith who had been the representative for the Manufacturing Investment Company's mill at Madison, purchased by Great Northern in 1899. Each mill -- Madison, starting in 1899; Millinocket, in 1900; and East Millinocket, in 1906 -- appears to have had its own accounting organization. In 1912, Bryan L. Seelye was hired from the International Paper Company with the title of Auditor and assumed duties very similar to that of a present day controller. At this time, whatever arrangement was in effect was replaced by a system of accounting, forms and reports, based on that of the International Paper Company, (old forms on file have the name International Paper Company inked out and Great Northern Paper Company printed over it). This system, modified and revised as required, remained essentially in effect until 1952. Also in 1912, the treasurer's function was separated and a new treasurer was elected. The auditor was elected Clerk of the Corporation.

The Woodlands Dept., originally Spruce Wood Dept. had an entirely separate accounting organization set up in 1900 under the Manager of Spruce Wood. This department was located in Bangor until 1928, at which time the entire accounting organization moved to Millinocket with Claude A. Smith as Accountant - Spruce Wood. Nelson A. Felix was appointed Accountant - Mills in 1930. Both accounting departments reported to the Auditor. Upon Mr. Seelye's retirement, Leslie G. Kewer became Auditor on January 1, 1949. In November 1953, the Board of Directors created the position of Controller and appointed Mr. Kewer to fill the new position. This change recognized the fact that record keeping and financial reporting were now centralized in the Company and that auditing was only one of the department's functions. In 1954 the two accounting departments -- Woodlands and Mills -- were combined and became the Controller's Dept. At the same time other record keeping formerly taken care of by other departments was picked up. This move was greatly facilitated by the use of IBM tabulating equipment. Mr. Kewer was succeeded by the present Controller, Emery E. Allain, on November 1, 1962.

The present department complement is 77 supervisory and clerical personnel broken down into four subdivisions -- accounting, cost control, internal auditing & systems, and office services.

Accounting is headed up by William O. Wagner, Manager of Accounting, whose responsibilities are to administer accounting policy and compile the necessary statistical records and special reports required. He is functionally responsible for general accounting, accounts payable, billing, cost accounting, data processing and central typing.

Cost Control is the responsibility of Frederic C. Morrison, Budget Director. He assists and counsels management throughout the Company in the preparation of expense budgets and forecasts. He follows up and reports on actual results; reviews proposed capital expenditures and determines return on investment.

Internal Auditing & Systems -- Allan E. Symonds, Manager, Internal Auditing & Systems, has Company-wide responsibility, including Great Southern, for auditing records and performance; liaison with Arthur Andersen & Co.; maintains and constantly checks system of internal control; and originates or assists in the formulation of accounting systems and procedures including computer application.

Office Services is the responsibility of Norman A. Savage, Office Manager. He coordinates personnel relations in all subdivisions and is the chief contact with the Office Union local. He is also responsible for physical office space, communications, record retention and supplies.
All nine pulpwood camps are now in operation. . . . So far, there has been no serious shortage of man power but the situation as to imported or bonded labor remains cloudy. It appears that the present bond, which expires October 1, will be honored. The applications for renewal in October will have to be made much earlier than in the past, as under new regulations every State Employment Office in the New England states must certify that they cannot supply the needed labor, whereas in the past this requirement applied only to offices in Maine. Roughly, there are about 300 bonded woodsmen in Company camps and probably about the same number working for independent suppliers. Practically all of these men are production workers producing approximately 9,000 cords of wood.

Due to low water conditions apparently 50,000 cords of wood cut in 1964 and landed during the winter of 64-65 will not reach the mill this year. This wood was landed on flowages that have been used for years, and would have floated if Rip had come up within four or five feet of filling. A small dam is to be built at the foot of Black Pond with the hope of floating wood landed on this flowage. Even if floated it might be possible to get the wood down only as far as Rip Dam this fall. The wood will deteriorate very little, if any, but may darken enough so that some extra bleaching will be required. This wood was scheduled to be stock piled at East Millinocket for winter and early spring use. Woodlands will have to produce more wood this summer from truck and rail sources for delivery in Millinocket Stream so that East Millinocket will be assured of next winter's supply.

The Company announces a new land use policy along the American Realty and Fish River roads in northern Maine for pickup campers and trailers. The heavy use of privately owned woods roads by vacation travelers bound into the forests and lakes has created problems of maintenance and policing, as well as concern for the safety of travelers and apprehension over a possible outbreak of fire. The fee schedule, which became effective July 1, has been adopted to offset added costs. The new land use policy provides for land use permits for designated areas which will be issued for a weekend, week, month or season ending November 30. Fees charged will be $2, $3, $10 and $25 respectively, and will apply to small trailers, pickup campers and movable living quarters. Large mobile homes will not be permitted.

Great Northern said increasing use of the private woods roads was hampering the primary use for which the roads were constructed, and the new regulations are intended to promote safety and facilitate use of the woods roads by vacation bound motorists. The number of leases issued will be governed by the amount of space available in any given area and will be issued on a first come-first served basis.

Leases may be obtained from the office of N. W. Sutherland, General Superintendent at Sheridan, and from the watchman on the American Realty Road from 7:00 a.m. to 5:00 p.m.

Open House at the Millinocket and East Millinocket mills was held on Saturday, July 10. As in previous years, the response to the public invitation was enthusiastic with 639 visitors to the Millinocket plant and 241 at East Millinocket. Visitors represented eight states and Canada. To those who had not been at the plants recently, and particularly former employees, the changes in the physical appearance of the plants were surprising.
14th Annual TAPPI Statistics Course . . . . J. R. Schoettler, as a member of the TAPPI Statistics Committee, and M. N. Brunden organized and coordinated this year's annual TAPPI statistics course and made it a great success. Fifty-one students from paper companies in all parts of the United States and Canada attended the course which took place at the University of Maine from June 20 to July 2. Others attending from Great Northern were A. B. Danforth and W. A. Richardson.

The services of two very able professors, Dr. Stuart Hunter of Princeton and Dr. William Mendenhall of the University of Florida, were obtained which largely explains the enthusiastic response. About twenty of the students visited Millinocket Mill one evening and were very much impressed.

Great Northern continues student assistance . . . . While much is done these days to aid exceptional students through grants and scholarships in Millinocket and East Millinocket, the Company, in addition to its scholarship programs, has given the means for literally hundreds of other students to continue their education after high school. About every native son of both communities now in the professions has been greatly assisted in attaining a college degree through an opportunity to earn his education.

In June of this year, a total of 81 young men were hired at Millinocket Mill, and 46 at East Millinocket Mill. These are either college students on school vacation or students accepted for entrance into college. In addition, 48 boys were hired who will not go on to college but who are supplementing the family income by their summer employment. In the Summer Apprentice Program, the Company is assisting 36 other students representing 19 colleges and universities.

The Maine Department of Economic Development announced that William (Bill) M. Praught of Great Northern's Personnel Dept. is a finalist in the Lane Bryant Community Service Award.

This award is given annually to one individual and one group in the United States for outstanding service to a community and its people. Bill's community endeavors, as listed with his nominator, cover many activities in the fields of youth activity, charity, town government, and is headed by the attainment of a hospital for the Millinocket area which is now in its tenth successful year. The panel of judges, whose decision will be made public this fall, is composed of distinguished educators, governmental and industrial figures.

F. G. Eaton and K. R. Veazie attended a Bell Telephone Data Seminar on June 14-15 in Chicago. A series of instructors explained the total Bell System, present and future. Demonstrations were conducted of present equipment and future-design equipment, and a tour of Teletype Corporation facilities outside of Chicago was included. Special highlights were very timely and beneficial in that accuracy and ways of transmitting were fully discussed relating to the data processing field.


Mr. Heuer has replaced Mr. Paine as a member on the management panel for the Sixth Summer Institute at the University of Maine as reported in the last newsletter.
A. C. Gniazdowski, R. A. Haak, R. Hellendale, J. H. Staples and H. Willets had a unique experience on July 12. They left the office at 522 Fifth Avenue, New York City, at 1:30 p.m. and arrived in Millinocket, Maine at 3:05 p.m. They flew from LaGuardia Terminal in a Lear jet -- air time from LaGuardia to Millinocket was 62 minutes. The plane, a six-passenger, twin engine jet with a top cruising speed of 569 miles per hour and a maximum altitude of 41,000 feet is the first of its design ever developed for private use. One of the more important features of this aircraft is the ability to get into and out of small airports. The group returned to New York on July 13 -- the return air trip taking 70 minutes.

Great Northern was chosen by American Tel. & Tel. as the paper company contact in a nation-wide survey to determine the worth of many applications that would be made possible after AT&T installs their ten huge computers and data centers throughout the country. Representing AT&T was Robert Casey of Arthur D. Little, Inc., who met recently with E. E. Allain, A. E. Symonds and W. O. Wagner to conduct the survey.

Food for Thought . . . . The following appeared in a recent biweekly financial letter issued by W. C. Langley & Co. of New York City.

The adage that 'it's hard to see the forest for the trees' often seems particularly appropriate when one tries to decide if the role of government in our economy is expanding faster than it should.

Perhaps if more of our people could actually live under another system and view our own way of life from afar, many might take a new interest in seeing that the activities of government remain in proper balance to our nation's overall growth, and that the system of private enterprise, which has brought us the world's highest living standard, is not slowly overshadowed.

One who was able to 'see the forest' and gain some interesting perspective in this respect is our former secretary. Six months ago she left to live in a West European allied nation where her husband has a university fellowship. A few days ago our present secretary received a letter from her which was thought-provoking to say the least. These excerpts should pretty well lay to rest the male conviction that women are frivolous and fuzzy-minded about things financial or economic.

'We are enthusiastic about our year here but would not want to extend it. The are really wonderful people, but the general atmosphere of the country is not like America. The welfare state creates a most depressing attitude toward life. The people on the whole have very little sense of purpose, not too much individual ingenuity or ambition. Earnings and savings are so highly taxed . . . that there is no incentive to try to better oneself - it's easier to accept what the state will do for one . . . .

The pride themselves on their democracy . . . . but individual thinking is neither respected nor encouraged. From the perspective of a temporary resident, the individual seems to matter very little. It's these things that make me appreciate America as I never did before . . . .'
**WHO'S NEWS**

Promotions and transfers . . . In Millinocket Mill, Harold (Pete) A. Grant assumed the position of Supervisor of the Finishing Room clerical force, effective June 25. Pete will report directly to R. J. Shinners, Mill Manager. The scheduling functions will continue under Fred H. Arnold. . . . Effective July 8, Joseph H. Bigl was promoted to Superintendent - Paper (#7-10); and James M. Giffune replaced Mr. Bigl as Technical Assistant to Superintendent - Paper. Mr. Giffune was formerly Control Engineer.

In Central Engineering and Research, Donald E. Curran was promoted to Engineer from Junior Engineer on July 1. . . . Henry P. Gore was promoted to Group Leader - Coating Research on June 1. . . . Waldo C. Preble was promoted to the position of Chief Design Engineer on July 1. . . . Donald O. Nelder replaced Mr. Preble as Paper Mill Design Engineer on July 8. . . . Fletcher W. Lindsay was promoted to Senior Process Engineer, effective July 13, and reports to W. C. Preble. Effective the same date, Maurice C. McLean was promoted to Instrument Engineer, replacing Mr. Lindsay.

In the Sales Dept., James A. Wernagh's title was changed to Inside Salesman, and Clyde Davis' title is now Product Control Supervisor. . . . John A. Pintard was transferred to the Newsprint division of the Washington office to assist C. M. Sheafe. John was formerly a Specialty Salesman in the Chicago office. . . . Effective July 12, Elizabeth Center was appointed Administrative Supervisor in the New York office. In addition to other duties, she will be responsible for the supervision of secretarial and clerical personnel.

Robert C. Black was promoted to Assistant to Director of Transportation, effective July 1. Mr. Black is located in the New York office.

Resignations . . . William E. McKenzie resigned as Chief Design Engineer effective July 10. Bill has accepted a position with the Brown Company as Assistant to the Vice President - Engineering. . . . James G. Crump resigned as Superintendent of Paper and Coating effective July 23. . . . Charles (Chuck) P. Conley resigned as Junior Engineer effective July 23.

New Employee . . . John E. Sears was employed on July 1 as an Engineer in the Central Engineering Power Systems Group. Prior to joining Great Northern he was employed by the Beloit Corp., Beloit, Wisconsin. John is from Millinocket and received his B.S. in Mechanical Engineering from the University of Maine in 1961.

Effective July 20 the Wood Survey Group was transferred to the Power Systems Section of Central Engineering from the Engineering Service Section. Robert E. Laverty, Wood Survey Group Leader, will report directly to Kelsie L. Fish, Power Systems Engineer.

Recent guests at Rainbow Camp . . . I. P. Phelps and L. Rotar, Salesmen, were hosts to a party of eight: Bernard Hogue, President, Providence Paper Company, Providence, R. I.; Rosell Bosworth, Jr., Publisher, Phoenix Times, Bristol, R. I.; Earl Cunningham, Pressroom Supt., Catholic Transcript, Hartford, Conn., John Sheridan, Assistant Pressroom Foreman, Hartford Times, Hartford, Conn.; Chas. T. Shoemaker, Mechanical Superintendent and Gregory Borg, Assistant Publisher of the Bergen Evening Record, Hackensack, N. J.; and Merle Pitkin and Arnold Narrow of the Watertown Times, Watertown, N. Y.

J. Paul DeMarrais, Salesman, entertained Henry Levine, President, Mercury Litho, Brooklyn, N. Y.; and Verg Pelham, Production Superintendent, Western Printing & Litho, Poughkeepsie, N. Y.
"Great Northern Paper Company mills at Millinocket and East Millinocket, Maine, supply printers and publishers with newsprint, groundwood specialties, and lightweight coated paper around the world." This was the theme of an export department display prepared for the recently concluded Maine products show afloat, held aboard the Maine Maritime Academy Training Ship 'State of Maine,' in Washington, D.C. May 17-22. The program was sponsored by the Maine World Trade Council, a group dedicated to the expansion of markets for Maine products, and included exhibits from more than 46 Maine companies.

The Great Northern display, a 3x4 foot framed map of the world, called attention to our exports by indicating, with a small red dot, some of the many destinations to which our paper is shipped. Some of these places included Saigon, Manila, Tokyo, Singapore, Bombay, Istanbul, Athens, Buenos Aires, Caracas, Calcutta, Santo Domingo, Hong Kong, Seoul, Okinawa and Bangkok.

Newsprint production in North America during the first four months of 1965 attained a record high volume of 3,193,313 tons. Of this total, Great Northern produced 123,653 tons or 3.9%.

The schedule below shows that both Canadian production and shipments are well above last year while United States figures have taken a drop.

<table>
<thead>
<tr>
<th>Production</th>
<th>Jan.-April '65</th>
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<tr>
<td></td>
<td>Tons</td>
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<tr>
<td>U. S. A.</td>
<td>732,390</td>
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<td>Canada</td>
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<td>Total North America</td>
<td>3,193,313</td>
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<tr>
<td>Great Northern</td>
<td>123,653</td>
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<table>
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<tr>
<th>Shipments</th>
<th>Jan.-April '65</th>
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</thead>
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<td></td>
<td>Tons</td>
</tr>
<tr>
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<td>734,491</td>
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<tr>
<td>Canada</td>
<td>2,327,353</td>
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<td>Total North America</td>
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<tr>
<td>Great Northern</td>
<td>121,813</td>
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</table>

Better Newsprint is Good News, a 12-page promotional brochure describing in some detail Great Northern's product improvement program and our efforts over the past 15 years to modernize our facilities and provide customers with better newsprint now and in the future, was mailed recently to a special list of newsprint publishers, customers and prospects. A personalized letter, signed by Mr. Paine, accompanied each brochure.
Report on the 102nd Maine Legislature . . . From the viewpoint of industry, about the best that can be said about the 102nd Legislature which finally adjourned on Saturday, June 5, 1965, is that it lasted 22 weeks or three weeks less than the 101st. We can only speculate as to what would have happened had it remained in session for three additional weeks.

Industry as a whole received the harshest treatment accorded to it by any Maine Legislature over a long period of time. It would be difficult to point out legislation of a positive nature passed to help industry; in some instances negative help occurred when certain bills failed to pass which would have otherwise placed additional costs on industry. It will be months before the full impact will be felt on measures passed which are going to directly and indirectly increase the costs of doing business in Maine. A few specifics with estimated costs to industry are as follows:

The Penobscot River was classified; and to meet the classifications, industry on the river will be obliged to expend large sums -- directly for their plants, and indirectly for town treatment plants (where they pay a large percentage of the taxes), the combined costs of which will be $100 million or more.

Revision of the Employment Security Law (commonly known as the Unemployment Law) will cost the Employment Security Trust Fund in excess of $4 million during the biennium. Changes in the law relating to time of payment of benefits will cost in excess of $1,060,000, and remuneration for holidays will cost the Fund an additional $100,000, both amounts referring to the biennium. The cost figures used are conservative estimates secured from the best sources available; other estimates go as high as $5 million per year. There is only one source for the money which is in the Trust Fund. It comes from 100% assessments against the employers -- the employee, the State and Federal Government do not contribute a penny. When these laws and other MESC changes all become effective, the Trust Fund will rapidly diminish during any lull in employment, the merit ratings will go up and over a period of time will no doubt completely disappear.

Revisions of the Workmen's Compensation laws will increase premiums by an amount in excess of 50% of present charges.

The Wildlands tax so-called was increased again so it is now at 15 mills, an increase in excess of 100% over the 7-1/4 mills in effect in 1960. This increase was placed on the timberland owners notwithstanding an increase in 1961 and the constant revaluations and increases in valuations in the unorganized townships by the State Bureau of Taxation.

The four percent sales tax on in-state telephone calls and services is estimated to produce $3.2 million, a substantial part of which will be paid by industry.

The removal of immunity from liability now enjoyed by town, county, state, non-profit hospitals and other non-profit institutions will cause considerable increases in insurance premiums for the liability insurance carried, and this, too, will indirectly increase costs to industry.

The Minimum Wage Law passed by the Legislature has a time and a half feature after 48 hours. This will not affect Great Northern directly, but will no doubt be reflected in higher prices charged by certain suppliers within the state. The time and a half feature is not restricted to the minimum wage.

Timberland owners devoted valuable time over a five-year period attending legislative meetings, attending conferences with state officials, answering correspondence, supplying statistics and accompanying groups for on-the-spot inspections of the Allagash region, all in the interests of preserving the Allagash. A bill to this end was presented on February 24, and following a public hearing on April 22, was redrafted to overcome objections. The bill as redrafted had the support of the timberland owners and most of the conservation groups. It was disappointing and disheartening to those owners and a large segment of the people of Maine to have the legislative leadership on June 2 casually shunt the bill aside for additional study.

The foregoing is a boiled-down version of how industry made out. 1,591 legislative documents were introduced at the session and in addition there were innumerable amendments to the various documents. Consequently, it would take pages to review all of the bills and to point out those which may directly or indirectly apply or affect industry to any degree.
Drives . . . . The river drive is progressing rather well, considering the low water conditions. The North Branch and Canada Falls wood, for the most part, has been sluiced through Seboomook Dam. Seboomook flowage is nearly clean. The West Branch rear is scheduled to leave Seboomook Dam about June 23. At this time the water now held at Canada Falls and Dole Pond will be released. The extra water used for sacking the rear below Seboomook should tend to increase the water level at Chesuncook Lake.

Unless a heavy rainfall of 2-3 inches occurs before July 1, it is probable that as much as 50,000 cords of the 1965 drive will be 'hung.' This would include most of the wood in the Black Pond landings and a part of the Umbazookskus landing.

Water Storage . . . . The Penobscot West Branch storage is now at 29.4 billion cubic feet. This is 51.5% of full storage and 23.7 billion cubic feet below rule curve storage for this time of year. Precipitation for the month of May was 2.11 inches below average. Precipitation for the year to date is 7.00 inches below average. Records indicate that the cumulative departure from normal for the last seventeen months is 16.12 inches. This is equal to 50.5 billion cubic feet of water.

Operating Camps . . . . Three Aroostook operations are active -- Guerette, Bartlett and Saucier. Two are sap peeling spruce and fir. Most loggers are rather reluctant to accept the job of debarking with the hand tool known as the bark spud. Sap peeling is considered a messy, dirty job and ruins clothes with pitch, reducing labor productivity. It tends to increase the safety hazards of logging which at best is very hazardous work.

The North Branch jobs are getting under way. Marcoux has opened the Scott Brook operation. Paquet opens for cutting June 21. Caouette and Gosselin will start on June 28.

Two operations which produced pulpwood in 1964 will not open this year -- Fred Nadeau on T.7 R.18 and the Poland Pond operation on T.7 R.14. The sale of spruce log stumpage will take place at these locations. It is expected that Fred Nadeau and Adelard Gilbert will operate these log jobs as independent contractors, purchasing the stumpage from Great Northern and selling logs to existing sawmills in the Province of Quebec.

Woods Labor Supply . . . . The outlook for an adequate supply of woods labor appears uncertain. The Aroostook operations, both Company and independent, report some scarcity of labor. It is too early to determine if this will be the case at the river operations. Word from other companies is that the labor supply has tightened to some extent. There is also some indication that the Maine Department of Labor has some plans to curtail the use of imported Canadian labor.

Paper production for twenty-three weeks ended 6/13/65 . . . .

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<th>1965</th>
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<tr>
<td></td>
<td>Tons</td>
<td>Daily</td>
<td>Tons</td>
<td>Daily</td>
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<tr>
<td>East Millinocket</td>
<td>161,660</td>
<td>1,015</td>
<td>141,148</td>
<td>934</td>
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<td>Millinocket</td>
<td>128,762</td>
<td>813</td>
<td>106,257</td>
<td>676</td>
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<td></td>
<td>290,422</td>
<td>1,828</td>
<td>247,405</td>
<td>1,610</td>
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</table>
KNOW YOUR COMPANY

This month's article dealing with the organization and functions of Great Northern focuses on the Research and Development Dept.

The Research and Development Dept. was originally known as the Bureau of Economy, established early in 1911. It was a small group whose functions included testing the quality of purchased materials, checking pulpwood, measuring the basis weight of newsprint and doing some chemical analyses. The first head of the department was Garret Schenck, Jr., a chemist in the employ of the Company for the previous four years, and the son of the President. His title was Superintendent, Bureau of Economy, and he reported to the President. The Bureau gradually picked up other functions such as the development of new processes and mechanical equipment. About the end of World War I, an apprenticeship course was set up and administered by the Bureau. By the mid-1920's, the Bureau was providing direct technical assistance to all three of the mills (Madison, Millinocket, East Millinocket), and had resident representatives at each mill. In 1938 the department name was changed to Bureau of Tests.

The following served as superintendents of the department: Edward J. Trim-bey, 1918-1920; Charles M. Carrier, 1920-1928; Creighton B. Stanwood, 1928-1936; Charles A. Turner, 1936-1940; Roy V. Weldon, 1940-1945; and Warren F. Daniell, 1945-1950.

In 1950, Roy V. Weldon was appointed Vice President, Engineering & Research, in charge of both the Engineering Dept. and Bureau of Tests.

In 1951, John H. Heuer was employed as Superintendent of the Bureau of Tests with the assignment of building a quality control and research organization, resulting in considerable expansion of the organization. In 1954, the title of the department head was changed to Technical Director.

In 1955, the department name was changed to Research and Control. Mr. Heuer was appointed Manager of Research & Control, and David F. Pollard became Technical Director. At the same time, the office of Vice President, Engineering & Research was abolished, and Mr. Weldon became Executive Vice President, still in charge of both departments. In 1956, this responsibility was transferred to the Manager of Engineering and Research, a new position, assigned to Warren F. Daniell. The position of Manager of Research and Control was discontinued and the Technical Director became the department head, who was then D. F. Pollard, to be succeeded by Richard V. Osborn in 1957. This same year the routine quality control functions were turned over to the newly established mill control departments.

In 1959 James R. Schoettler became Technical Director and about the same time the name of the department was changed to Research and Development. Robert E. Crossley became Manager of Engineering and Research in 1963. Upon his resignation in May 1965, he was succeeded by David F. Pollard, present Manager of Engineering and Research.

The Research and Development Dept. complement is 56 professional and technical people plus the clerical staff, and is organized into two sections -- the Product Development section headed by J. R. Schoettler, Product Development Director, and the Research and Development section under V. F. Mattson, Technical Director.

Research and Development is divided into three functional divisions -- Research, with R. C. Johnson as Research Supervisor, includes the Pulp Research Group supervised by R. T. Thaxter; the Paper Research Group under W. R. Heal; and the Coating Research Group headed by H. P. Gore. Quality Control, headed by P. H. Welch as Quality Control Supervisor, includes the Quality Control Group supervised by W. C. Hodgkins, and the Analytical Group supervised by C. A. Hayward. These groups handle various staff quality control functions and much of the specialized analytical work. Pioneering Research is headed by Paul D. Hubbe, Pioneering Research Supervisor. This group is concerned primarily with the application of computer technology, statistical techniques, and improved instrumental methods to Great Northern's various manufacturing problems.

Product Development is headed by Steve Kozlovich, who reports directly to J. R. Schoettler. This department is concerned with the technical problems involved in the development of new and improved grades of paper. The Director of Product Development serves with representatives of the Sales and Controller's departments on the Company's Product Development Team.
Peter S. Paine, President, is one of three paper mill executives who will serve on a management panel at the Sixth Summer Institute for the Pulp and Paper Industry at the University of Maine. The panel will meet on the Orono campus July 12-30 and will discuss management practices and policies as part of the three-week technology program.

Pulp, Paper Industry Names Advisory Group . . . . Twelve industry executives have accepted appointments as members of an Advisory Committee to the University of Maine Computer Center for the Pulp and Paper Industry. John H. Heuer, Vice President - Operations, is one of the twelve serving on this committee.

At the Spring meeting of the Maine-New Hampshire section of TAPPI held in Rockland, Maine on June 11 and 12, two of the speakers on the agenda were Great Northern personnel. Jon M. Currie of the Instrument Dept. spoke on Batch Digester Instrumentation for Sulphite Pulp; and James M. Giffune, Control Engineer, spoke on Paper Test Station with Closed Circuit T.V. System.

Three representatives of the Swedish State Railways recently visited both mills to observe pulpwood and chip unloading methods and roll handling equipment and loading of paper in box cars. They also spent some time in the Ashland area to watch car loading of pulpwood and chips. Great Northern personnel accompanying the visitors remarked that all three men speak fluent English, German and French.

Martin J. Roach, Mill Manager of the East Millinocket Mill, and other pulp and paper mill executives from the United States, spent two weeks (May 21-June 5) as guest of the Finnish Paper Mills Association. The tour of pulp and paper mills was arranged by The Madden Corporation of New York for the purpose of bringing together United States and Finnish executives who have responsibilities for management and production. Opportunities for worthwhile discussions were provided during the visits to Finland, Denmark and Sweden.

Francis J. Dunne, Sales Coordinator, will be attending Atlantic Summer School in Halifax, Nova Scotia, from June 14 until July 16.

The tenth annual banquet honoring retired mill employees of Great Northern was held at Millinocket on May 27 with 250 guests in attendance. Principal speaker of the evening was Mr. Feuer, who told of the Company's continuing progress and plans for its future as they affect the communities of Millinocket and East Millinocket and the State of Maine. Mr. John Gould, Maine's outstanding humorist, entertained with historical gems of the nineteenth century State of Mainers and their times. Twenty-one mill pensioners retired since last year's affair were honored.
Promotions and transfers . . . In the Controller's Dept., Robert F. Bartlett has been promoted to Budget Analyst effective July 1, and will report directly to F. C. Morrison, Budget Director. Bob's present position of Billing Supervisor will be filled by Lawrence A. Baker effective July 1. Winston H. Brooks, Jr. has been promoted to Cost Accountant from Budget Analyst, effective June 14. Larry and Win will report directly to William O. Wagner, Manager of Accounting.

In Purchasing, Earlton W. Crowther was promoted to Buyer from Office Supervisor, and Randolph R. Robinson was promoted to Assistant Buyer-Expediter, effective June 1.

In Engineering and Research, Thomas A. Warren was promoted to Senior Engineer from Engineer, and Ralph E. Gross, Jr. was promoted to Research Engineer from Junior Research Engineer, effective June 1.

In the Sales Dept., Edwin M. Gardner was transferred to Order Examiner from Supervisor of Order Processing, effective June 1. Terry N. Pendleton, Sales Trainee, transferred to Sales-Chicago from Sales-New York, effective May 17.

Retirement . . . Clifford A. Johnson retired as Paper Mill Foreman on June 1. Since coming with the Company in 1940, Cliff has worked his way from 5th hand to Foreman.

New Employees . . . Research and Development: Wayne E. Bowers was employed on June 14 as Junior Research Chemist. He is from Tewksbury Mass., and received his BS degree in chemistry from Lowell Technological Institute in 1965. . . James H. Thompson was employed as Junior Research Technologist effective June 14. Jim is from Washington, D.C., and received his BS degree in physics and math from Lowell Technological Institute in 1965. . . Richard D. Kroeger was employed on May 17 as Junior Research Chemist. Dick is from Williamsville, Vermont, and received his BS in chemistry from Norwich University in 1962, and his MS from Michigan Tech University in 1965.

Central Engineering: David C. Smart was employed on June 14 as Junior Engineer. Dave is from Houlton and received his BS in chemical engineering from the University of Maine in 1965. . . David L. Dunham was employed as Junior Engineer on June 1. Dave is from Bangor and received his BS in electrical engineering from the University of Maine in 1965.

Recent guests at Rainbow Camp . . . E. John Ward, Salesman, was host to three representatives of Time Inc. -- James V. Ainslie, Assistant Production Manager; Frank A. Lincoln, Paper Control Supervisor; and James Hickman, Manager, Eastern Printing Division, Old Saybrook, Conn. After their stay at Rainbow, a short seminar was held at the E&R building on the progress being made on the Time-Life paper. Mr. Ward also entertained Ronald Scott, General Manager of Charlton Press in Derby, Conn., and Joseph P. Halbherr, Quality Control Supt. of Triangle Publications, Philadelphia.

J. J. Dunne, Salesman, entertained four customer-guests -- Robert Doyle, Purchasing Agent, and Orel Hirscheiser, Sales Representative of the Greater Buffalo Press; T. Meyers, Purchasing Agent of Montgomery Ward; and Norman Smith, General Manager of Holyoke Magazine Press. On a separate occasion, J. J. Dunne and Mrs. Dunne entertained Mr. and Mrs. D. Kurtz. Mr. Kurtz is Manager of the Pictorial Living Magazine, New York City.

F. V. Ernst, Salesman, and Mrs. Ernst, entertained Mr. and Mrs. Preston Powell. Mr. Powell is Manager, Art Color Printing Co.

G. L. Nystrom, Salesman, was host to Mr. and Mrs. Harold Petri and their son, Mark. Mr. Petri is President of Merchandising Traffic Aids, Chicago.
New York, N. Y., May 21 -- Peter S. Paine, President of Great Northern Paper Company, and John J. Neely, Chairman of the Board of Great Southern Land and Paper Company, announced today that directors of both companies had agreed on the terms of a plan for the tax-free merger of the two companies. Stockholders of both companies will be asked to vote on the plan at special meetings in July.

Great Northern, a Maine corporation, presently owns 47 percent of the common stock of Great Southern, a Georgia corporation. Under the plan, Great Northern will issue one share of a new convertible preferred stock for each of the 1,961,784 Class A common shares of the Georgia company in the hands of the public. The plan also contemplates a 2.5-for-1 split of Great Northern's 1,044,637 presently outstanding common shares.

The new preferred stock will have an annual cash dividend of 40 cents per share, payable quarterly. It will be convertible at any time into shares of Great Northern's split common stock, in the ratio of 3.5 preferred shares for one common share. If not converted, it may be called, after October 1, 1971, at $10 per share. Great Northern will apply for listing of the preferred stock on the New York Stock Exchange where the Company's common stock is traded.

Great Northern is one of the largest manufacturers of newsprint and groundwood printing papers in the United States. It owns two mills in Maine and approximately 2,250,000 acres of Maine timberlands. In 1964 it produced 597,000 tons of paper. Great Southern owns a mill at Cedar Springs, Georgia, which produces linerboard for sale to independent producers of corrugated shipping containers. In the year 1964 this mill produced 245,000 tons of board. The merged company will have combined total assets of more than $200,000,000 and annual sales in excess of $110,000,000 based on present rates.

Officers of the two companies said that the merger will provide a number of benefits. Most important, it will permit the financing of an increase in Great Southern's linerboard facilities at Cedar Springs. As a result of the merger, the combined company intends to make commitments immediately for a second linerboard machine at the Georgia plant. This would nearly double present capacity of the plant by the Fall of 1967, and would bring the combined daily capacity of the company's three mills to in excess of 3,500 tons per day of paper and board.
This month's article is on another of the Company's SERVICE departments -- the Central Engineering Dept. This division of the Operations Dept. designs and constructs the plant facilities which enable us to make paper.

The Central Engineering Dept.'s history began in 1898 when the Northern Development Company, which was to become Great Northern Paper Company in the following year, engaged Hardy S. Ferguson, a young engineer starting his own business, to design the Millinocket Mill. Mr. Ferguson set up an organization at Millinocket and, while retaining a private practice, held the title of Chief Engineer of Great Northern until 1911. In that year he opened an office in New York and his duties at Millinocket were taken over by Frank C. Bowler, a member of his original staff. Mr. Bowler held the position of Chief Engineer until 1951 and was followed by Warren F. Daniell, who later became Manager of Engineering in January 1955, and Manager of Engineering & Research in July 1956. James O. Starkweather held the position of Chief Engineer from May 1956 to November 1957. Robert E. Crossley became Chief Engineer in November 1957 and was appointed Manager of Engineering & Research in May 1963. Upon his resignation in May 1965 he was succeeded by David F. Pollard, present Manager of Engineering and Research.

The Central Engineering Dept. has been headed by Richard A. Jordan, Chief Engineer since January 1963. The department is responsible for the mechanical, electrical, hydraulic and process design involved in the addition of new plant facilities and in changes to existing structures and equipment. Design and field assistance is also furnished to Great Southern Land and Paper Company and to the two towns in which the mills are located. To carry out these activities, Central Engineering is organized into four functional sections, each with a specialized staff. The present department complement is 62 professional and technical people plus the clerical staff and Engineering Services crew.

The mechanical section, headed by William E. McKenzie, is responsible for mechanical design, process-flow, structural design, equipment layout and mechanical equipment specifications and requisitioning. They assemble design data for projects, prepare flow sheets, design buildings and other structures to house equipment, handle the selection and design of equipment and materials, prepare layout and installation drawings, and prepare operating and instruction manuals. This section is responsible for coordinating the efforts of the entire Central Engineering Dept. on all major projects involving all phases of engineering.

The electrical section, headed by Richard H. Hale, is responsible for the design and specifications of all electrical equipment and instrumentation. Included is design of new electrical power generation systems, transmission and distribution facilities, along with essential revisions of the existing system. This section designs pneumatic and electronic instrumentation and control systems, as well as electrical drive equipment and controls required for new projects in the mills.

The power systems section, headed by Kelsie L. Fish, is responsible for design of equipment associated with one of the largest privately owned power systems in New England. Projects deal with the steam and hydropower stations, storage dams, steam distribution and condensate return systems, sewage and waste disposal systems, heating, ventilation and air conditioning systems. This section supervises the distribution of electric power to the mills through the Power Dispatching Group, and the economic dispatching of water through the hydro stations.

The Engineering Services Section is headed by George W. Grant. This section transforms all the designs and plans of the other sections into operational systems. They remove old equipment and structures to prepare the site, construct buildings or additions and install all the mechanical and electrical equipment together with the necessary piping and wiring. On many projects, the Plant Engineering Dept. and outside contractors work in cooperation with this section.
J. H. Heuer, Vice President-Operations, was recently appointed Chairman of the University of Maine Pulp and Paper Foundation's Scholarship Committee. Mr. Heuer succeeds Paul C. Baldwin, Executive Vice President of Scott Paper Company, who has been chairman of the committee for the past several years.

On April 15 and 16, Mr. Heuer and his committee members interviewed 22 senior applicants for renewal of fifth-year grants, 22 new applicants for fifth-year grants, 29 junior applicants for renewal of tuition scholarships, and 14 sophomores and juniors for new tuition scholarships. During the 1964-1965 college year, 41 students were recipients of $44,700 for tuition scholarships and fifth-year grants.

RECENT DEVELOPMENTS IN MANUFACTURING

A new system (headbox weir and bubble pipe arrangement) for controlling headbox level and pressure has been designed and fabricated. Physical tests on the apparatus have been performed and a series of tests on the analog computer have been successfully completed. In the very near future the new system will be tried on No. 8 paper machine headbox with high hopes of replacing the present controlling mechanism -- the Horn-bostel tube system. The anticipated result is more uniform control of machine direction basis weight which is frequently upset by the frequency changes in our forty-cycle power, and in turn causes variable flow from the fan pumps.

No. 1 generator at Weldon Station was started recently after a downtime of about three months. During this period, various craftsmen from East Millinocket Mill did a complete overhaul on the generator, waterwheel, and associated equipment.

No. 7 P.M. Single Drum Winder . . . . A new Black Clawson single drum winder installed in front of No. 7 paper machine at Millinocket Mill, was started up on May 8. This winder is capable of making rolls for the coater up to 96" in diameter. Storage rails have been extended from the reel to the unwind stand. This permits the jumbo reels to be rolled directly into the unwind stands without the use of the overhead crane. This winder, in combination with the No. 8 paper machine single drum winder and the overhead bridge crane, provides for complete flexibility of winding and handling paper around the dry end of the base stock machines.

May 17 marked the end of the old blow pits in the Millinocket sulphite mill, when the last cook from No. 5 digester was blown into its pit at 12:20 a.m. No. 5 was the last of our seven digesters converted to the new flushing system -- the first, No. 3, having been changed on February 13. Step I of the Sulphite Expansion Program is now complete except for installation of the second dump tank. The pulp is now being washed more efficiently on two 11½x20 foot 'Impco' vacuum washers, with fresh water warmed in heat exchangers by BTUs formerly lost to the atmosphere up the old blow pit stacks. The volume of fresh water required is greatly reduced, resulting in more concentrated waste liquor which allows reclaiming of most of the soda ash and sulphur. Presently, the washed pulp is knotted, screened and thickened with existing equipment. New pressure knotters and screens are on order. By midsummer the pulp will be washed after screening and may be further upgraded in a battery of centrifugal cleaners.

The overhaul of No. 1 boiler at East Millinocket Mill has been completed and the boiler was placed on the line May 13. The top and bottom kicker baffles were renewed and Combustion Engineering replaced the secondary super heater tubes while the boiler was being overhauled.

Labor negotiations with the thirteen local mill Unions are scheduled to begin June 8 at the Pilots Grill in Bangor.
The purchased chip unloading system at Millinocket Mill was placed in operation April 17, 1964. During the first full year of operation, we received chips equivalent to 16,404 peeled cords of spruce, fir, and pine. Chips are currently supplied only by Pinkham Lumber Co., Ashland, Maine, and Beaudry Lumber Co., Hobe, Maine.

East Millinocket Mill set a production record of 7,547.9 tons for the week ended May 3. Previous record was 7,543.5 tons produced during the week ended December 20, 1964. These records were set with all six machines operating. On April 27, Millinocket Mill went on full ten-machine production due to an influx of orders. Total production for nineteen weeks ended May 16, is as follows:

<table>
<thead>
<tr>
<th></th>
<th>1965</th>
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<tbody>
<tr>
<td>East Millinocket</td>
<td>132,432</td>
<td>114,910</td>
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<tr>
<td>Millinocket</td>
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<td>86,220</td>
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<tr>
<td></td>
<td>238,668</td>
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</tbody>
</table>

Forthcoming Paper Machine Rebuilds in Millinocket . . . . . No. 1 paper machine is scheduled to go down on May 31 for a rebuild which will enable this machine to produce high quality lightweight papers. Plans call for this machine to be the best equipped for making any specialty grade now possible in the Millinocket Mill, plus further improvement in the lightweight rotogravure catalog grades. Equipment changes on No. 1 P.M. include the following: installation of a double calender stack, Venta-Nip press to replace the multi-press, closed system including save-all, and new high pressure white water knock-off showers; removal of gloss calender and air cap; relocation of dry end pulper; and leveling the fourdrinier. With this rebuild, it will be possible to make even lighter weight, higher finished grades than have been possible in the past on No. 2 P.M. The second calender stack will include roll lifting mechanism plus a cross axis crown compensator. The leveling of the fourdrinier should produce results equivalent to that obtained on No. 8 P.M. this year, enabling us to produce a more uniform sheet of paper.

No. 2 paper machine is scheduled to go down on September 13 for installation of a new dryer drainage system. This should make the machine more flexible in swapping back and forth between the lightweight and heavy weight grades that the machine is capable of producing.

No. 7 paper machine is scheduled to go down on August 2 for a complete electrical drive change. This will include new drive motors and electrical control systems to allow more precise control of draw between units of the paper machine, as well as smoother acceleration and deceleration. This new drive is also capable of machine speeds up to 1500 fpm. With this speed increase and a similar speed increase on No. 8 P.M., by 1966 we should be able to supply enough base stock to run our coater on two paper machines rather than using three part time as we are now doing.

Both Seboomook and Sourdnahunk campgrounds have been leased to the same two individuals again this year -- namely, Arthur Bessey of Rockwood, and Charles Martin, Sr., of Greenville Junction. During the past year, extra tables and tent platforms were added at both places, and flush toilets installed at Seboomook.

The Seboomook campground area has gone through many changes during the past 60 years. First, the forest was cut to make a farm; during World War II it housed 200 prisoners of war; in 1961, it was developed for a campground that could accommodate an unlimited number of tenters, plus several lean-tos, sheltered tables, picnic tables, and fireplaces; but lack of shade trees detracted from the natural beauty of the area so we recently planted 1,000 seedlings, mostly Norway pine, which in time will add to the appearance of the grounds and to the comfort of the recreationists.
The following food for thought is quoted from the book Managing for Results, by Peter F. Drucker and published by Harper & Row. . .

"Like steel, paper has been a multipurpose material, and even more than steel has tended to grow several times as fast as the total economy. As with steel, however, a host of new materials have come in, each better suited than paper for one particular purpose or application. And like steel, paper is becoming expensive in comparison to the newcomers.

The papermaking process uses no more than a quarter of the tree. Half of the wood in the tree is left behind in the forest, and another quarter is thrown away in the form of bark, leaves, small branches, and organic chemicals such as lignin. Yet the papermakers have to pay for the whole tree. As a result, pulp, the raw material of papermaking is expensive compared for instance with the raw materials from which plastics are made, which are usually by-products of petroleum refining and virtually free of cost. If the paper industry could convert into salable products the three-quarters of the tree that is today being wasted, paper would again become cheap. Otherwise, paper, now a multipurpose material, may find itself confined to a few uses, and the paper industry may shrink rather than grow with the economy.

The papermaker will immediately point out that no one knows as yet how to use the three-quarters of the tree that is thrown away. He will point out further that strenuous efforts have been made by the paper industry to develop the chemical utilization of wood, so far however with meager results. He will, in other words, point out that he is not to blame for the situation -- and he is right. But that it may not yet be possible to do something about such a fundamental restraint does not alter the fact that it exists and that it may endanger the future of an industry. It does not alter the fact that removal of the restraint would have extraordinary impact on the economic potential of an industry. It does not alter the fact, in brief, that here is an area in which an industry has to keep on working, no matter how frustrating the prospect seems to be. For when the change comes, it is likely to come fast."

Rainbow Camps opened on May 17 for what appears to be a very busy season. The first guests were two representatives from the Louisville Courier-Journal -- Louis A. Kern, Traffic Manager, and Barry Bingham, Jr., Vice President; and John Richards, Staff Assistant of Standard Gravure Corp. of Louisville, entertained by J. H. Staples, General Sales Manager, and C. M. Sheafe, Salesman. . . . M. A. Meyers was host to Mr. & Mrs. John E. Price. Mr. Price is Circulation Manager of the Pittsburgh Press.

The Mechanical Pulping Committee of the Canadian Pulp & Paper Association will hold their next meeting in the multipurpose room of the R&D Building on June 2, and visit both mills the following day. J. W. Griffin, Superintendent of Pulp at East Millinocket, will act as host.

A new feature of the Great Northern Hour on the local radio station, WMKR, is a five-minute talk each week by the mill safety supervisors, Arthur Michaud and John Hickey on safety.
MULTIPLE USE of Great Northern timberlands has always been an accepted fact. The term Multiple Use as applied to Great Northern timberlands means that these are tax-paying lands producing crop after crop of forest products for our mills, as well as for lumber and veneer mills, furniture manufacturers, and hundreds of other products. Above all it means jobs for 3,300 Company employees and a $22,000,000 payroll.

To the camper, Multiple Use means over 70 public camp sites along highways, lakes and streams, plus 2,400 camp leases, nearly all accessible by Company roads.

To the fisherman and hunter, it means hundreds of clean cool streams, and over two million acres of forested shelter for fish and game.

It also means over 700 miles of private roads with over 600 miles open to the public at no charge to the users, but at a yearly maintenance cost of over $300,000 to Great Northern.

Water Storage... The West Branch storage is now at 27.5 billion cubic feet and 48.2% of full storage. Precipitation for the year to date remains below average by 4.9 inches.

With the light snow cover on the ground at the beginning of the spring breakup and the lack of precipitation, we do not expect to come close to the rule curve, let alone fill, this spring.

Both North and South Branch drives are well under way. The ice went out of Big Bog Deadwater on May 3. The sluice gates were opened on May 6 and all except the rear of the 39,000 cords landed was sluiced over the dam. The sluice gates at Canada Falls were opened May 7 and all but the rear of the 7,600 cords landed was sluiced. Everything possible is being done to move these drives along so the water can be released for use further down the river. A total of 160,433 cords is scheduled to be driven this year -- a decrease of approximately 20,000 cords as compared with last year: North Branch 39,062; South Branch 15,840; Chesuncook 60,048; Black Pond 28,825; Pemadumcook 15,507 plus 1964 rear of 1,151 cords.

Unless there is a drastic change in the water situation, all wood cut for driving will not reach the mills this year.

Aroostook camps are open for cutting operations. Camps operated by Ken Bartlett and Wilmer Saucier at Fox and Chase brooks opened May 17. Both of these camps will peel wood for several weeks. Opening of these camps will give some indications of how the labor supply will be in Aroostook this year. Milliard's camp will not open until later, if at all. The Raymond Guerette camp at Pillsbury Pond was opened in mid-April in order to take advantage of the fact that many woodsmen were idle during the spring breakup period. This camp is located about 70 miles west of Ashland and when other camps nearer the homes of the men are opened, it is sometimes difficult to man.

The first camps to open in the Pittston area are scheduled for early June. Again, much will depend on water conditions.

Recruiting and Training Woods Workers is the title of a paper presented by L. L. Thibodeau, Employment Manager, Woodlands at the APPA annual meeting held in New York on February 24. In his article Leo discusses the problems involved in attracting and holding good pulpwod cutters. The article appears in the May 10 issue of Pulp & Paper.

The following article appears in the May 3 issue of PULP & PAPER and was written by G. F. Peckham, Jr., Superintendent - Coating. It covers the initial goals set up for the Company's expansion into the coated field, its early trials and tribulations, and the successful progress to date.
GN spells out its success

By George Peckham

Great Northern entered the field of lightweight coated papers upon completion of the installation of an off-machine, 150-in., Black Clawson Flexblade coater in the fall of 1962. At this time, there was very little coating knowledge and experience available among company personnel.

Prior to the construction of the coater a coating research group was formed and through extensive use of Black Clawson’s pilot coater at the Dills plant in Fulton, N.Y., valuable knowledge of the entire coating process was gained. Trials were conducted each month to develop appropriate grades and quality of basestock, to evaluate various coating color formulations and to learn machine operation. As the final stages of the coating mill construction neared completion, crews and supervision were chosen and trained in the fundamentals of coating and coater operation on the pilot coater. When the installation was completed, the research group, production personnel and Black Clawson service engineers started the long, hard job of getting the bugs out of the equipment. After approximately six months of trouble shooting the coater was turned over to production personnel as an operational production unit.

It soon became evident that many changes would have to be made before the venture could be a profitable one. The most important of these changes involved: (1) basestock, (2) end dams, (3) backing roll life, (4) tension control.

Development of a quality, defect-free base sheet has been one of the biggest problems to solve. With all the available experience and knowledge accumulated over the years of making groundwood sheets, it was difficult to realize how nearly perfect a sheet of basestock had to be to run successfully on the coater. It soon became evident that the coater was a more critical judgment of basestock than any customer could ever be. Slime holes, oil spots, and slivers refused to pass beyond the second coating head. Crepe, wet or winder wrinkles, turn overs and poor slitting caused breaks at the first head. Calender scabs, dandy picks and water spots caused occasional breaks. Poor splices, corrugations and baggy reels contributed to runability problems.

To correct these problems, constant emphasis and training of the crews has been essential to improve base-sheets. Quality. Improved lubrication systems were added and more and better pump cleaning equipment was installed. Void detectors and tag dispensers were also added to help reduce sheet defects.

With mechanical defects controlled to a minimum, uniformity of basis weight, caliper and moisture in machine direction and across-machine direction are all important in both the basestock and after coating. Results in this area were found to be essential in order to assure a quality product through the supers and off the winders, especially since basestock is supplied to the coater from more than one paper machine. Beta gauges were installed on each basestock machine along with a moisture profiler. The coater is equipped with three beta gauges—basestock, coated one side and coater two sides and a moisture profiler.

To produce a more uniform basis weight across-machine direction profile, the original design of the blade profilers was changed from one inch wide profilers to four inch. The wider profilers required less time and effort on the part of the operator to adjust and produced a more uniform profile.

Since the Flexblade coater utilizes a pressurized pond to apply coating to the basestock, the design of the end dams was such that the outside inch of web was uncoated. This condition resulted in a serious runability problem because the uncoated edges became very dry and brittle while passing through the air caps. The unstable edges would then snap off very frequently causing costly down time. A color accumulation on top of the dams would close the clearance sufficiently to cause the sheet to wrinkle and tear out at the blade. To correct this problem the entire end dam assembly design was changed. Rather than stop the flow of coating color out the ends of the pond with a tight sealing end dam, the dams were moved well inside the edges of the pond and allowed to pass a controlled amount of coating out the end of the pond and be returned to the supply tanks. This allowed the edge of the sheet to be coated in an unpressurized area which was essential to prevent coating from getting between the sheet and the backing roll. The overflowing coating was also used to lubricate that portion of the blade directly exposed to the backing roll. Squirt type water showers had to be added to prevent coating build up on the backing rollers.

These changes provide a very successful means of coating the entire width but was accomplished at the expense of backing roll life. Considerable scoring and spalling of the rubber in the area where the blade is exposed directly to the backing roll have resulted in edge control problems and short roll life. “Black diamond” roll ends have been utilized successfully on all backing rolls to reduce the magnitude of the wear area. A sanding technique has been developed during the life of each backing roll between grindings that has definitely increased roll life. Harder roll covers are also improving roll life.

Control of tensions and draw control throughout the coater was an all important factor in being able to process successfully the lighter coated grades. Initial running problems clearly indicated the need for more sensitive tension control especially involving pasters. As a result, the tension or “float” roll on the unwind section was improved mechanically to be more sensitive to any tension changes. These changes, in turn, necessitated a complete design change of the electrical components receiving the indications of tension variation so that the entire unwind section would be immediately responsive to such changes. As a result, the unwind section now performs satisfactorily with a high efficiency of paster performance to 3,000 fpm and beyond.

Today, Great Northern is successfully coating lightweight grades with high solids, high viscosity coating formulations at 2,500 to 3,000 fpm. Although there were many moments of anxiety and frustration, we are proud of the progress we have made during a period of two years considering that we started with inexperienced crews and supervision. Because the coater was the first Black Clawson machine of its kind designed to coat lightweight at high solids and viscosities, there was no one to turn to for help. We are continuing to look forward to higher speeds, better production efficiencies and more and better grades of letterpress, rotogravure and offset lightweight coated papers.

...
Promotions and transfers . . . David F. Pollard assumed the position of Manager of Engineering and Research, effective May 12. He was formerly Manager of Manufacture. As a result of this change, the Mill Managers are reporting directly to the Vice President - Operations; and Central Scheduling has become the responsibility of R. J. Shinnors, Mill Manager. . . . Bernard M. Storer was promoted to Engineer, Central Engineering, effective May 1. . . . H. Wilson Green was transferred to Junior Technician in Research & Development, effective April 19. . . . Albert H. Parent was promoted to the position of Superintendent - Greenville Shop, effective May 1.

Retirement . . . Thomas M. Barry will retire on July 1 after 45 years of service in the paper industry, eight years of which have been with Great Northern. He joined Great Northern in 1957 as Mill Manager of the East Millinocket Mill. In 1963, he became Senior Mill Manager of the Millinocket Mill and in September 1964 was transferred to Mr. Pollard's office where he has assisted in the operation of both Millinocket and East Millinocket mills. Best wishes for a long and happy retirement are extended to Mr. Barry from all his associates at Great Northern.

Resignations . . . Robert E. Crossley, Manager of Engineering and Research, has submitted his resignation effective June 1, to join the Brown Company of Berlin, New Hampshire where he will hold the position of Vice President - Engineering. . . . Robert G. MacKay resigned as Supt. of Finishing at East Millinocket Mill effective May 1. . . . Nicholas K. Thompson left the employ of Great Northern on April 26. He was Foreman - Instrumentation. . . . Roger E. Broughton, Cost Accountant in the Controller's Dept., has submitted his resignation effective June 18.

Deaths . . . Norris M. Nicholson, Assistant Buyer in the Purchasing Dept., died on May 18 after a long illness. Norris joined Great Northern in 1930 as Storekeeper Helper and held the positions of Statistical Clerk, Storekeeper, and Materials Engineer. He was promoted to the position of Assistant Buyer in 1963. . . . Charles Thorndike, retired Maintenance Foreman, Millinocket Mill, died in St. Petersburg, Florida, on May 11. Mr. Thorndike's years of service in Maintenance spanned 40 years from June 1915. When Mr. Thorndike retired on April 1, 1959, it marked the passing of an era during when he, as foreman, had the responsibility for the operation of the Millinocket Mill maintenance effort. . . . Andrew P. Hume, retired Planner at Millinocket Mill, died on May 3. Mr. Hume joined Great Northern as a mill apprentice August 1, 1924, and held the positions of Assistant Electrical Engineer, Electrical Foreman, Area Engineer and Planner. . . . Harry A. Webber, Superintendent of Greenville Shop, died on April 23 after a short illness. He joined Great Northern in 1928, but had a break in service from 1943 to 1948. He returned in 1948 as Foreman of the Greenville Shop and was promoted to Superintendent, July 1, 1952.
The Company's net income for the first quarter amounted to $1.42 a share compared with 77¢ a share for the first quarter of 1964.

Mr. Paine's statement in the interim report to stockholders issued April 14, is as follows:

"Net sales for the twelve weeks ended March 28, 1965 were $19,169,689, an increase of 24.3% over the $15,422,559 reported for the same period in 1964. Tons of paper shipped during the period showed an increase of 20.7% over last year.

Net income after taxes amounted to $1,477,997, or $1.42 a share, compared with $804,389, or 77¢ a share, in the 1964 quarter and represents an increase of 83.7%. In this comparison, 1964 results as originally reported have been adjusted upward . . . to put both years on a comparable basis.

The improvement in sales volume included a moderate increase in newsprint plus a substantial increase in groundwood printing and coated papers. The coating operations have shown steady increases in profitability in each of the three accounting periods making up the first quarter.

The figures above and in the accompanying income statements do not include Great Northern Paper Company's equity in the reported earnings of Great Southern Land and Paper Company, in which we have a controlling interest. On April 8, 1965 Great Southern reported its earnings for the twenty-four weeks ended March 14, 1965 at $837,391 after providing for future income taxes of $662,000.

Your equity in these undistributed earnings after tax amounted to 38¢ for each share of Great Northern stock outstanding, or an average per quarter of 19¢ a share."

The Directors at their April 21 meeting approved a quarterly dividend of 45¢ a share payable June 10 to stockholders of record May 20, 1965. This is an increase of 10¢ a share over the rate paid for the previous five quarters.

The sixth machine at East Millinocket Mill started up on April 20. This mill has been operating five machines since February 10. Millinocket Mill continues to operate nine machines. Total production for fifteen weeks ended 4/18/65, is as follows:

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<thead>
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<th>Mill</th>
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</table>
Great Northern stockholders held their annual meeting at the
Engineering and Research building in Millinocket on April 14. Reelected
to serve on the Board of Directors were Richard G. Croft, Peter S. Paine,
Howard G. Brush, Robert A. Haak, J. H. Heuer, M. C. McDonald and John T.
Maines, all of Great Northern; Hoyt Ammidon, United States Trust Company;
Luke B. Lockwood, Carter, Ledyard and Milburn; Frederick K. Trask, Jr.,
Payson and Trask; E. Spencer Miller, Maine Central Railroad; Hilbert Van
N. Schenck, Knapp, Schenck and Company; and James W. Walker, Brady Secu-
rity and Realty Company. Donald E. York was reelected to the office of
Clerk. Stock voted, all of it in favor, represented 84.5% of the total.

Addressing the stockholders, Mr. Paine, President of the Company
and Chairman of the meeting, summarized the events of 1964 and reviewed
the results of operations. He emphasized that it was a disappointing
year earningwise even though sales were up.

Mr. Paine reported on the sulphite mill expansion, pointing
out that this had cost the Company $2,800,000 last year and a similar
amount would be spent in 1965. This program had been started only after
the most careful research of changes in the pulp field over the past sev-
eral years. When finished, the Company will have a modern 500-ton per
day sulphite mill which will improve the quality of our products at a
lower cost.

In 1964, he continued, the coater development proceeded slower
than was anticipated, efficiency was low, and the operation was not pro-
itable. Since the first of 1965, however, the coater operation has been
in the black, having shown steady increases in profitability in each of
the three accounting periods making up the first quarter. The Company is
looking forward to installing a second coater operation.

Commenting on the results of the first quarter of 1965, Mr. Paine
read the interim statement released to stockholders that day (see page 1)
and concluded, "I am gratified with the upward trend in earnings in 1965,
and look forward to the rest of the year with optimism."

At Mr. Paine's invitation, questions were asked to which he re-
plied as follows:

Dividends . . . increased in 1964 . . . directors review dividend
policy quarterly.

Great Southern . . . enjoying an excellent reception from its
customers . . . mill has not been down even an hour because of lack of
orders . . . strengthens Great Northern because it provides diversifica-
tion and another location.

Corrugating medium plant in West Virginia . . . final engineer-
ing studies will be available shortly . . . feasibility study being done
by an outsider . . . very optimistic.

Great Northern-Great Southern merger . . . something we all think
about . . . but nothing at the moment.

Other plans for diversification . . . looking ahead 5 or 6 years
and opium smoking a bit . . . Great Northern merged with Great Southern . .
another machine at Great Southern . . $160,000,000 annual sales made up
roughly of 1/3 newsprint, 1/3 specialties, and 1/3 linerboard.

Low water . . . would not mean curtailment of production . . .
two steam plants will operate . . . steam power expensive because of high
cost of oil in this area.

Mr. Maines, Vice President - Woodlands, answered a question on
the Company's position on the Cross Rock project. "The Company," he stated,
"is not against anything that would benefit northern Maine even though we
would not like to see valuable timberland flooded out. We are interested
and watching, but not taking any sides." In regard to the Allagash area,
Mr. Maines said that the Company would like to see it remain in private
ownership and managed under a multiple-use concept. However, the Company
does support the proposal for State control of the recreational use and
development of the area.
Great Southern Land and Paper Company's net income for the 24 weeks ended March 14, 1965 amounted to $837,391 or 22c per share. Net income for the second quarter alone amounted to $291,867, down 46½% from first quarter earnings of $545,524. This reduction was caused primarily by the Christmas holiday and maintenance shutdown which reduced the number of operating days in the quarter and increased the cost of maintenance.

In their interim report to stockholders on April 8, Mr. Paine noted that the third quarter, which comprises sixteen weeks, should be a good quarter earningwise. Their order position remains strong, as it has since the start-up a year and one half ago.

Chattahoochee Railroad Stockholders Meet . . . . Two new directors were elected to the Board and eleven were reelected at the annual meeting of stockholders held recently at the office of the corporation in Cedar Springs, Georgia. The two new directors are Howard G. Brush, Vice President - Finance of Great Northern, and John D. Sholer, President of South Georgia Natural Gas Company.

An organization meeting of the Board of Directors held immediately after the stockholders' meeting reelected the following officers: John J. Neely, Chairman; Edward L. Cowan, President; Carl F. Fischer, III, Vice President and General Manager; Leslie G. Kewer, Treasurer; and A. C. Ford, Secretary.

Chattahoochee Industrial Railroad, a subsidiary of Great Southern Land and Paper Company, connects the mill with both the Central of Georgia and Atlantic Coast Line railroads.

Great Northern has a new copy writer for its State of Maine advertising program -- noted author, lecturer and newspaper publisher, John Gould. For those unable to detect the nuances and phraseology of a true 'Down Easter,' Mr. Gould wrote the 'Ah, Wilderness' copy for the full-page ad which appeared in the Industrial Edition of the Augusta, Bangor, Lewiston, Portland and Waterville newspapers during January and February.

When we told Mr. Gould we liked his copy and wanted to pay him for it, he had this to say:

"I'm glad the advertisement copy pleased. I certainly didn't intend to present any bill for it. You see, it is pretty hard for a warm, kindly disposed individual to reach out and shake a corporate hand. I get a Christmas card every year from Esso -- how does one reply? Every time I enjoy tenting and fishing on GN lands, I try to take a moment after I get home and drop a thank you note to the president, and although it is no doubt appreciated and probably gets official attention, it still seems like an Emily Post improbability. There doesn't seem to be any provision in the cultural amenities for bread-and-butter notes to the free enterprise system. Sure, there are moments with Maines, Thibodeau, Fernald, Bates, and assorted personalities -- but the moment you fraternize they cease to be corporate. If you see what I mean.

Set the advertisement copy down, therefore, as an accrued debit, contra-account for value received, and I will work it out from time to time by lifting a chain here, cadging a free meal there, and generally informing myself variously so that if more copy is needed at another time I will have background knowledge enough for all of us. OK?"
This month's article is on another of the Company's SERVICE departments -- The Division of Forest Engineering - Woodlands.

Forestry, land surveying and scaling activities started about 1900 under the Manager of Spruce Wood (now known as Woodlands). The Forestry Dept. was formed in 1910 with J. F. Philippi as its first superintendent. This department, along with the Land Surveying Dept., became part of the Division of Forest Engineering at the end of 1913 with D. A. Crocker as superintendent of D.F.E. He was replaced by William Hilton in 1917.

Scaling was added to the Division of Forest Engineering in 1918, and when the leasing of camp lots was started in 1920 it was also assigned to D.F.E. Stumpage sales was later added as another function. In 1929, Ernest Jones became superintendent and was replaced in 1952 by the present Supt. of D.F.E., Paul Patterson.

Eugene Putnam is a supervisor within the D.F.E. and assists Paul Patterson. Dean Chase is Chief Scaler at the mills; Finley MacIntosh and Lawrence Hurd are chief scalers at upriver locations. Ed Chase, Eugene Moore, Dave Brooks, and Alvin Ingalls are district foresters. Ray Goody is the youngest forester and travels as a 'trouble shooter' when needed. Bob Godin aids Mr. Patterson and Mr. Putnam with their office functions, especially in the maintenance of records which include 2,200 leases among other items. About 20 full-time scalers are employed and some summer help is required. Total personnel employed varies from 40 to 45.

Services performed by the Division of Forest Engineering are:

Surveys - Maintenance of property lines, resurveys, property divisions, road surveys, and any other survey work that might be required.

Forest inventories - How much timber does Great Northern have on its land and where is it located? This work involves the use of aerial photography, mapping, statistical sampling, size classification, etc.

Forest growth studies - How fast do the trees grow? These studies are used to keep inventories current, determine allowable cuts, and maintain and improve the timberlands capacity to produce wood fiber.

Stumpage sales - We sell standing timber which is not used at the Company's mills. This makes a substantial contribution to the Company's earnings (over $1,000,000 in 1963 and again in 1964).

Leasing - Small plots of land are leased to individuals on lake shores and elsewhere for construction of private camps.

Annual working plans - Where will the wood be cut which will be used at the mills or sold as stumpage? Foresters and agents submit a written plan with map six months to a year in advance of cutting.

Management Plans - How much wood can be cut from the Company's lands for the next ten years and where will it be cut? This is an example of one of the many items included in a forest management plan.

Maintenance of records - Maps of cutover areas, amount cut, method used, and how much residual stand left for future growth are examples of records kept.

Mapping - The maps of Great Northern's timberlands are maintained and revised as necessary.

Scaling - Wood consumed at the mills or sold as stumpage is measured and the figures used for settlement of accounts.

Inspection of cutting operations - Foresters and land agents continually strive to maintain good utilization and good cutting practices on the Company's lands through frequent inspections of all cuttings.

Preparation for selective cutting - From 200,000 to 300,000 cords of wood are painted for removal from the Company's lands each year in conformance with good cutting practices.

Guardians - D.F.E. personnel are continually on the lookout for insect and disease infestations and dangerous fire conditions, and work closely with the Maine Forestry Service.

Research - Participate in studies of forest growth, wood density, and forest soils with government agencies. Various other research is done, including the maintenance of 1,000 permanent sample plots, sinkage tests, solid wood in a cord, residual stand studies, radial growth measurements, etc.
Great Northern was successful in negotiating with the Bangor and Aroostook Railroad, the establishment of 'incentive rates' covering our shipments moving into the export markets via Searsport. Prior to February 23, 1965, (effective date of new rates) the rail rate from our Maine mills to Searsport was 22¢/cwt., minimum 40,000 pounds. This rate remains in effect; however, the new rates and minimums are 17¢/cwt. minimum 80,000 pounds, and 16¢/cwt. minimum 100,000 pounds. Estimated savings could be as high as $75,000 per year.

'Pigs' are coming to Millinocket in late May. They are not the ham and sausage variety. They are known by the coined phrase 'piggy-back' meaning trailer on flat car (TOFC). The Transportation Dept. has completed arrangements for piggyback service to be performed by New England rail carriers. The initial service will be limited to our customers located in New York City. If our experience is favorable, it is anticipated that the area of destination service will be expanded. This new service will provide store door delivery of our products to our customers with reduced transportation charges as compared to delivery via over-the-highway motor carriers. The Bangor and Aroostook Railroad will soon begin construction of unloading facilities at Millinocket where the trailers (Pigs) can be removed from the 80-foot special railroad flat cars (two/car), taken to our truck loading docks, loaded and returned to the rail flat car for movement in the same train that transports our products loaded in box cars. The procedure will be repeated upon arrival in New York and our customer will have his paper delivered to his unloading dock. The cooperating rail carriers in establishing this added segment of transport medium are the Bangor and Aroostook, Maine Central, Boston and Maine and the New Haven.

A piggyback trial run is being made this week. The East Millinocket Finishing Dept. loaded one trailer on April 21 and completed loading the second trailer April 22 — one was bilge loaded and the other on end. The two trailers were taken to the BAR yard at Millinocket and loaded on a special flat car. The car will be hauled to Searsport, then up to Madawaska then back to East Millinocket. Checks will be made en route for signs of damage to the paper, etc.

'PP' — People like Paper — we have PAPER that must reach PEOPLE was the theme selected by A. M. Cloninger, Director of Transportation, when he met at informal luncheons with publishers and editors of leading newspapers during the week of April 5 in the cities of Providence, Boston and Hartford. Mr. Cloninger was accompanied on these visits by I. P. Phelps of our Boston Sales office. The intent of this program was to promote better understanding of the vital role that efficient transportation systems, particularly railroads, play in the economic growth of industry in New England.

Perfect Shipping — What's in it for me? is the title of the address to be made by A. M. Cloninger at the 74th annual meeting of the Association of American Railroads, Freight Claim Division, convening in Dallas on May 5. Mr. Cloninger will speak as President of the National Association of Shippers Advisory Boards, which has a total membership of 19,000 traffic and transportation managers of industrial firms from all sections of the nation. Rail transit damage is one of the Company's most serious transportation problems causing us to ship via more costly methods (motor carrier) and in some instances, loss of our customers.
RECENT IMPROVEMENTS IN MANUFACTURING FACILITIES
Millinocket Lake Pumping Station South Engine . . . . The new Caterpillar diesel engine, replacing one of the old Ingersoll-Rand diesels, was started up on March 20. The new engine is working smoothly and pumping significantly more water than the old one. Reduced maintenance cost and immediate availability of spare parts are two advantages expected with the new engine.

No. 1 Barking Drum - East Millinocket Mill . . . . The new Weldon barker started up on April 7. This barker replaces the old Great Northern barker which was in service for 20 years. The new barker is capable of future winter barking and will improve efficiency and reduce maintenance.

From 1921 until the fall of 1928, the Company published a magazine entitled The Northern. During its early years, it was primarily concerned with Woodlands activities. Near the end of its career, the magazine was covering the mills and was on its way to becoming representative of the Company as a whole, when it was discontinued by top management. The magazine is now a collectors' item. The Bangor office has a complete set except for some of the issues of 1921.

Some excerpts from a 1925 edition are -
Bill (Curley) Praught, presently Service Supervisor in Central Personnel, was commended for not missing a day's work for over two years.
John McVey, presently Pulpwood Cost Supervisor in the Controller's Dept., had a stamp collection started.
During the early winter of 1925, a crew of sixty men was at Chesuncook Dam making the channel deeper. In the fall of 1948 and early winter of 1949, Charles (Chick) Montgomery, presently Supervisor Materials - Manufacturing in Central Stores, had a crew at the same location making the channel deeper. Chick, as usual, completed the job in spite of terrible weather conditions.

The East Millinocket Mill's Electrical Dept. made its contribution to the new Interstate 95 highway by doubling up the suspension insulator strings at towers 39 and 40 of the Weldon Hi-Line. These two towers support the Weldon line cables which span Interstate 95 at the approach to the new bridge. Double strings of insulators are required for lines spanning roads and highways.
The job was completed under ideal weather conditions during the Easter shutdown period. Supervisors with the crew doing the installation were Dick Hale, Electrical Engineer and George MacDonald, Electrical Superintendent.

Pulpwood consumption for the first quarter totaled 158,345 peeled cords as compared to 133,995 cords used during the first quarter last year. Receipts at the mills totaled 142,153 peeled cords as compared with 203,226 cords delivered in 1964. Pulpwood cut during the quarter totaled 35,065 cords, or 116,825 cords less than last year. An anticipated labor shortage resulted in the large cutting operation during the first quarter of 1964.
East Millinocket Mill started using wood from the river April 10.
Beginning April 26 the University of Maine Television Network will offer a series of ten programs on Modern Supervisory Practices. The titles of these programs will be:  
- The Supervisor - Leader of the Team  
- His Responsibilities  
- Problems in Leadership  
- Role in Cost Reduction  
- Responsibility for Human Relations  
- and Time Management  
- and Decision-Making  
- Trains his Subordinates as the Coach  
- and Self-Development  

A total of 46 supervisors have been selected from both mills and Engineering and Research to participate in these programs.  

A special all-day training session for discussion leaders was held on April 10 in Orono and April 17 in Lewiston. John Thibodeau, John Hickey and Russ York attended the session in Orono, and Jim Griffin, Carroll Freeman and Arthur Michaud attended the session held in Lewiston. A general meeting of all conferees is scheduled for April 26, in the Engineering and Research building, at which time these six discussion leaders will address the group to prepare the participants.

The sixth Summer Institute for the Pulp and Paper Industry will be held at the University of Maine between July 12 and July 30. Two programs will be offered: paper technology and computer technology.

Employees attending the three-week paper technology program, will be B. E. Gerry, Jr., Paper Mill Tour Foreman; G. P. Ciarrocchi, Stock Preparation Foreman; R. E. Whalen, Acting Control Engineer; W. E. Mayhew, Research Physicist; K. R. Parker, Junior Research Technologist; S. W. Tice, Jr., Junior Engineer.

Registrations for the computer technology program are C. T. Quartuccio, Junior Engineer; and C. A. Bergquist, Junior Research Technologist.

Ray Goody, Forester, Division of Forest Engineering, attended a course in photogrammetry sponsored by the University of Maine's School of Forestry earlier this month. The course, limited to 16 participants, was supervised by Dr. Harold E. Young, Dr. Harold Borns, both of the University's faculty, and Ernest G. Stoeckeler of the State Highway Commission's Soils Department.

Water storage . . . The West Branch storage is now at 12.7 billion cubic feet which is 22.2% of full storage. Precipitation for the year to date is below average by 3.82 inches. The warm weather for the past week has started some run-in from the melting snow and consequently created an upward trend in storage.

Due to the recent water shortage, attention is being given to the flashboards at East Millinocket Dam and Dolby Dam. An effort is being made to prevent the loss of every possible drop of water.

Great Northern's Hunt Breakfast, an annual event during the American Newspaper Publishers Association (ANPA) convention, was held April 20 at the Park Lane Hotel. Over 500 people attended.
Administration Building Changes . . . The Board of Directors have appropriated the necessary funds to make renovations in the Administration Building at Millinocket and work will start soon. The major elements of this project are a new central entrance and lobby on the first floor, new offices for the Treasurer and Controller, and various alterations and improvements on all four floors. Extensive work will be done on the roof, heating and electrical systems. A new office area will be provided for the Transportation group moving from Bangor.

WHO'S NEWS

New Employees . . . . John F. Marquis will assume the new position of Manager of Purchases and Stores effective April 26. In this capacity, Mr. Marquis will be fully responsible for all mill purchasing and stores functions. His office will be in the Engineering and Research building at Millinocket, and he will report directly to J. H. Heuer, Vice President - Operations. Mr. Marquis will be joining Great Northern after twelve years of experience with St. Croix Paper Company (Georgia-Pacific) as Purchasing and Traffic Manager and Supervisor of Inventory Control and Stores. Prior to joining St. Croix, he was employed for five years as a Senior Staff Adjuster with the Bangor branch of the General Adjustment Bureau of New York. A. E. Gourley will continue in his present position as Purchasing Agent and M. C. Spruce will continue in his present capacity as Supervisor - Materials and Stores. Eugene A. Fairley will assume the new position of Administrative Assistant. All three members of the organization will report directly to Mr. Marquis.

Clyde A. Hayward joined the Research and Development Dept. on April 19 as Analytical Group Leader. Clyde received his B.S. degree from the University of Maine in 1950. He worked for eight years as an Analytical Chemist for the Maine Experiment Station; and prior to joining Great Northern he was employed as Chief Chemist in the technical department of Eastern Fine Paper & Pulp, Division of Standard Packaging Corp.

Promotions . . . . Charles L. Oliver was promoted from Management Auditor to Supervisor of Internal Auditing effective April 1. He continues to report directly to A. E. Symonds, Manager, Internal Auditing and Systems. In his new capacity, Charles' duties include the supervision of the Internal Auditing assignments at both Great Northern and Great Southern. . . . Effective April 1, Wendell A. Welch and George (Buster) H. Martin were promoted to the positions of Tour Foremen - Finishing at Millinocket Mill. They report directly to J. D. Nicholson, Foreman - Finishing and his assistant A. N. Bears. . . . Ulric S. Turmel was promoted to Tour Foreman - Paper Machines #5 and #6 at East Millinocket on April 1. . . . John J. Dunne, formerly Junior Salesman, was promoted to Salesman on April 1. . . . Effective April 21, David N. Martinson, former Sales Service Manager with Great Northern Board Sales, was promoted to the newly created position of Order Processing Supervisor in the Sales Dept. Mr. Martinson will be in charge of all Great Northern Sales Dept. personnel involved in receiving, writing, scheduling and transmitting customers orders to the mills at Millinocket, East Millinocket and Cedar Springs. He will report to F. J. Dunne, Sales Coordinator.
Peter S. Paine, President, recently announced that the Company has acquired an option to purchase 145 acres along the Ohio River at Point Pleasant, West Virginia, for the possible construction of a new mill to manufacture 9-point semi-chemical corrugating medium. Engineering studies for the proposed 200-ton per day mill are now being conducted. The final decision to proceed will depend on the results of these studies and the availability of satisfactory financial arrangements.

Mr. Paine expressed the Company's appreciation for the cooperation and assistance of the Point Pleasant Chamber of Commerce and the staff of the U.S. Dept. of Commerce and the West Virginia Dept. of Commerce Industrial Development Authority in locating the proposed mill site.

Great Northern's Incentive Profit Sharing Plan and its significance for each eligible employee was the subject of a recent talk by R. A. Haak, Vice President - Sales, during the General Sales meeting held in New York, March 8 and 9.

"Profit sharing," Mr. Haak explained, "is completely distinct and separate from salary schedules, pension plans, and fringe benefits of all kinds. Profit sharing is not an item in the cost of goods sold nor an item of general expense -- it is a claim on net income, representing the fair share of the Company's profits which employees have helped create by increased application of diligence and intelligence to their jobs."

To illustrate the significance of the plan, Mr. Haak cited a hypothetical example which clearly demonstrated how, even with only modest increases in profits, earnings and in the market value of Great Northern stock, a substantial nest egg could be created for participants in the plan.

"Profit sharing is no panacea," he emphasized, quoting an article on the subject. "Profit sharing will not take the place of sufficient capital, efficient management or any other thing required for successful business operations. In order to share the profit in the second place, a company must be capable of earning a profit in the first place."

Mr. Haak then told the Company's sales force, "You have made a good start in 1965, but you still have a way to go. If sales can do its job in maintaining volume, in improving our grade mix and in increasing profitable tonnage, we have every reason to expect there will be real profits this year. The owners of this Company have given us the natural resources, the capital, the means of production, talented people -- and now by means of our Incentive Profit Sharing Plan they have given us a share of the profits."

"We ought to be able to do something for them and for ourselves with all these gifts," he concluded.

The Company's proxy statement for the Annual Meeting has been distributed to all stockholders. The Annual Meeting this year will be held at Millinocket on April 14. Formerly held during March, the date has been changed to the second Wednesday in April.
KNO\ large your COMPANY . . . . The Transportation Division is one of our Company's SERVICE departments. Transportation is one phase of the Company's activities that is subject to a great deal of regulation by the Federal government through the Interstate Commerce Commission. Every service performed by a common carrier must be provided for by a published tariff which is subject to approval or disapproval under ICC rules and regulations. Where the transportation or service is intrastate, similar regulations are exercised by the Maine Public Utility Commission. Our files contain more than 150 tariffs listing rates, rules and regulations.

The fundamental responsibility of this department is to arrange for the most economical, prompt and safest method of transporting supplies and raw materials to the mills and delivering the finished product to our customers via all medium of transportation. This involves the negotiation of freight rates as well as service, all of which relate to our cost of doing business. Our total transportation bill in 1964 was over $15 million or 20% of our sales dollar -- averaging approximately $25 on each of the 600,000 tons of paper shipped. Briefly, our many activities can be described as follows:

(1) Establishing procedures for use of authorized routes which will provide the lowest rate and, at the same time, provide reasonably good transit time and careful handling; (2) Striving to reduce in-transit damage by improved packaging, loading and better transport equipment; (3) Securing an adequate supply of properly equipped rail and motor carrier equipment.

Our Company is one of the largest shippers located within New England and in 1964 this required 18,650 railroad boxcars for paper which if shipped together, would form a train over 160 miles long. In addition, there were over 1,400 truckloads going to customers. Inbound materials would constitute a train almost twice as long for the nearly 36,000 carloads of raw materials consisting of such items as fuel oil - 7,000; pulpwood - 16,000; woodpulp - 646; clay - 262. Thus, if all of our inbound and outbound carloads were placed in a single train with one end at Millinocket, the other end would be 518 miles distant and pass through the states of Maine, New Hampshire, Massachusetts, Connecticut, New York, and the last car would be at our New York office. In addition, Woodlands delivered 26,800 truckloads of pulpwood which is equivalent to an additional 8,000 pulpwood rail cars.

This department provides services to many other departments such as the Woodlands Dept. in providing and moving pulpwood cars; to the Purchasing Dept. in routing and expediting inbound supplies and raw materials; to the Mill Shipping Dept. in furnishing applicable rates, expediting shipments, and investigating damage complaints; to the Export Dept. in coordinating shipments with vessel arrivals and providing information on ship schedules and activities at Searsport; and to the Controller's Dept. by supplying necessary rate information for payment of freight charges and/or customer freight allowances.

Andrew P. Lane was the first full-time Traffic Manager and he held this position from 1912 until his death in 1934. He was succeeded by Lester R. Smith who retired in April 1951. Ephraim (Ed) Black served in this position for the balance of 1951 at which time F. R. Keenan became Traffic Manager. The Traffic Dept. moved from Boston to Bangor in 1954.

In 1964, Avery M. Cloninger joined Great Northern as Director of Transportation, reporting to Robert Hellenic, Vice President and Secretary. He is assisted in the New York office by R. C. Black, Assistant to Traffic Manager, and Joan Roddy, Secretary. Other Transportation personnel are F. R. Keenan, Traffic Manager; A. F. Hamel, Assistant to Traffic Manager; C. E. Brewster, Rate Clerk; and C. H. Austin, Secretary, all presently located in our Bangor office.

To achieve increased effectiveness and better serve all segments of our Company, the Transportation Dept., now located in Bangor, will be moved to Millinocket this summer.
Streamlining Paperwork . . . We are continually searching for methods to improve the operations in the Company so we can maintain a competitive price and quality position in the market place. While some substantial changes have been made recently for improvement in operations, the rising costs and squeeze in margin make it essential that we redouble our efforts if we are to keep pace with other producers.

In this connection, our auditors, Arthur Andersen & Co., will expand their regular audit for 1965 to include a Company-wide review of our systems, procedures and reporting in administrative, overhead (indirect), and control areas. One of Arthur Andersen's primary objectives in this phase of the audit will be to develop recommendations for streamlining our paperwork procedures, and suggest improvements in the type of information which should be included in our reports to highlight the significant factors which are important to controlling operations and costs. This will also provide a means for evaluating present reports for duplication and points of information no longer required. Dick Boyle, Manager, suggests that the supervisors in each area can be particularly helpful in suggesting specific conditions to be reviewed. Other A.A.&Co. representatives are Robert Birch, John Birkofer, Jim Drew, Don Grennon, Jim Heeremans and Larry Walsh.

Water Run-off and Storage Expectations . . . There is considerable concern being shown regarding the 135,000 cords of 1964 West Branch wood to be river driven this summer. The greater part of this wood is now at winter landings, ready to be floated off when the water level in the lakes builds up sufficiently. There is a relatively small amount of snow to contribute to the spring run-off. Adequate run-off will have to depend mostly on spring rains.

West Branch storage, as of March 25, was 14.5 billion cubic feet, or 4.0 BCF below rule curve. Precipitation at Ripogenus for the year to date is 3.67" or less than half the average for this period.

The snow survey of March 1 showed 4.41" of water on the drainage area which is 3.74" below average and the second lowest of record. Last year was the lowest at 2.81". Total precipitation on the drainage area since fall freeze-up is 7.70" below normal and is equal to 32.4 BCF.

The weather can change overnight and we could have more water than we know what to do with in a few months, but if the present weather pattern continues it's going to be a long dry summer!

Outbound transportation cost on newsprint shipments to our on-track customers located in Official Territory (East of Mississippi River, North of Ohio River and New England) will increase beginning March 15. This comes as a result of a new freight tariff negotiated by newsprint suppliers in Canada whereby they will accept a 30¢ per ton rate increase on all newsprint shipments to this same territory in return for a 50¢ per ton rail carload unloading allowance to be given by the railroads to on-track newsprint receivers. In order to meet this competition, Great Northern upon notification by the customers affected, will give an allowance of 50¢ per ton 'to equalize competitive rail carload unloading allowance.'

NOTICE . . . Premiums for the Long-term Disability Insurance will be collected monthly by payroll deduction rather than annually as previously notified. The first deduction will be from the March salary checks. The rate is 25¢ per $100 of basic salary.
WOODLANDS NOTES

Safety and Training . . . Training sessions were held at Sheridan on March 23 and 24 for all camp foremen and assistant foremen, as well as shop foremen from Greenville, Millinocket and Sheridan. Training sessions, to be conducted in French, for the Pittston foremen will take place next week.

Safety award banquets, honoring personnel at operating camps which experienced no lost-time accidents for the operating year 1964, will take place at Edmundston, N.B. and at St. George, P.Q. on the evenings of March 25 and April 1, respectively. Among the operations so honored will be personnel from the camps of Dan Garrity, Wilmer Saucier and Henri Marcoux. Congratulations are in order to those involved in producing 9,000 - 15,000 cords of pulpwood and delivering it to the contract destination without a disabling injury. Woodlands frequency consistently runs about 300% below the National and State frequency for logging.

This makes the second consecutive year that Wilmer Saucier and Dan Garrity have operated accident free.

The Forest Management Plan . . . Paul Patterson and his forestry staff have a major project nearing completion -- a revision of the Company's ten-year Forest Management Plan. Paul has this to say about the plan with the script written in part by Marlin H. Bruner of Clemson University.

"Every woodland owner needs a management plan, simple though it may be, to guide and direct continuity of purpose and action. It should simply tell what you have and where, a general classification of sites, and a flexible budget for cultural and cutting operations. To a moderate degree, the plan should be flexible and responsive to constancy of change in the market, but stable enough to direct continuity which is all-essential in forest management.

Antonius, in his sage admonition some 1800 years ago, pointed to the constancy of change. The woodland owner, who correctly interprets the trends and moves in harmony with them, enjoys a satisfying and rewarding enterprise."

Pulpwood highlights for the eight weeks ended February 28, 1965 . . .

<table>
<thead>
<tr>
<th>Pulpwood highlights for the eight weeks ended February 28, 1965 . . .</th>
<th>Peeled Cords</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Softwood:</strong></td>
<td>1965</td>
</tr>
<tr>
<td>Cut</td>
<td>20,591</td>
</tr>
<tr>
<td>Used</td>
<td>98,426</td>
</tr>
<tr>
<td>Delivered to mills:</td>
<td></td>
</tr>
<tr>
<td>Rail (1965 - 2,485 cars; 1964 - 2,968 cars)</td>
<td>43,763</td>
</tr>
<tr>
<td>Truck</td>
<td>54,838</td>
</tr>
<tr>
<td>Inventory 2/28/65 - mills</td>
<td>201,833</td>
</tr>
<tr>
<td>Undelivered</td>
<td>192,048</td>
</tr>
<tr>
<td><strong>Hardwood:</strong></td>
<td></td>
</tr>
<tr>
<td>Cut</td>
<td>1,581</td>
</tr>
<tr>
<td>Used</td>
<td>7,641</td>
</tr>
<tr>
<td>Delivered to mills:</td>
<td></td>
</tr>
<tr>
<td>Rail (1965 - 117 cars; 1964 - 141 cars)</td>
<td>2,340</td>
</tr>
<tr>
<td>Truck</td>
<td>5,389</td>
</tr>
<tr>
<td>Inventory 2/28/65 - mills</td>
<td>9,984</td>
</tr>
<tr>
<td>Undelivered</td>
<td>33,579</td>
</tr>
</tbody>
</table>

Hardwood Log Production . . . The North Branch operations produced about a half million board feet of birch veneer logs after completing their pulpwood contracts. Most of these hardwood logs will be sold to Quimby Veneer Company in Bingham, Maine.
Import Labor Situation . . . . What will the woods labor situation be in 1965? It has not been possible for any mill in Maine to meet its pulpwood requirements with native labor since the depression years of the Thirties. During those years, there existed a surplus of labor and mills running part-time used less than half the wood required today. There is no surplus of labor today and the shortage of qualified men willing to work is acute in many local industries. Statistics indicate that Maine has as of today 18,000 unemployed and is paying Unemployment compensation to 10,000 people. Of these 10,000 some 4,000 are women and they don't cut wood; another 2,000 are construction workers who will go back to work in May; another 2,000 have regular jobs but are on unemployment for three or four weeks at a time due to business fluctuations. The remaining 2,000 cover the waterfront insofar as skills are concerned and not over 200 - 300 would be able to cut wood. Being classed as unemployed does not always mean unemployable. There must be a desire to work and a willingness to locate where work is, and many of the unemployed seem to be quite happy with their existing status.

The situation this spring is far different than has existed for many years. Last fall the U. S. Dept. of Labor closed the door to the import of farm labor. This has hit the West and Southwest hard and some crops have rotted in the field because Mexican labor was not available. True, there were statistically thousands of natives unemployed in these areas but they were unwilling to pick lettuce, tomatoes, etc. As matters now stand, no Canadian can come into Aroostook and help plant the potato crop. Normally it has taken from 400 - 500 imported laborers to do this job. Who will take their places? Certainly the Aroostook farmer will have to offer fantastic wages to attract natives to these jobs and for the most part, the only available natives are unemployed woodsmen. Suppose the Dept. of Labor goes further and does not permit Canadians to come in and cut wood. Where are we then? In plain English, we, and every other pulp and paper company in Maine and in the Northeast, would run out of wood in a matter of months. The Government might relent when 17,000 paper mill workers lose their jobs, but it would take many weeks to fill the pipelines again. Also, there are those men who depend on work in Maine who would have migrated to other areas in Canada to seek work and would not be available, so it could take months to get going again. Of course, Woodlands is worried and is watching the situation very closely. This imported labor does not deprive any native of a job - there just aren't enough natives to meet the demand. They can find plenty of other work near their homes when economic conditions are as favorable as they are today.

Paperboard around the world . . . . The amount of paper and paperboard used by the average consumer is an important barometer which measures standards of living around the world. And the rate at which per capita consumption of paper increases from year to year provides an indication of economic growth rates. Worldwide annual consumption of paper and paperboard now averages almost 63 pounds per person (475 pounds in U.S.), and is currently rising at the rate of about one and three-fourths pounds per person per year. During the past ten years, world consumption of paper and paperboard has risen 37 percent, or approximately 17 pounds per person. While these international averages are encouraging, growth figures become more meaningful when each continent, or each nation, is viewed separately. The North American continent consumes almost half of the world's paper. The United States, which accounted for approximately one-third of the increase in world consumption during the past decade, today uses about 44 percent of the world's paper. Use of paper and paperboard in Western Europe has risen from 87 to 153 pounds per person since 1954. The rate of growth in many Latin American nations during the last ten years has been even more phenomenal, indicating upward economic trends in these countries.
A MULTIMILLION $$$$$$ FIRE... AND NO WATER OR POLITICIANS TO PUT IT OUT. Great Northern's high pressure steam power plants at Millinocket and East Millinocket burned up 1,666,495 barrels of residual fuel oil in the year 1964. The bill for this fuel totaled $3,666,000; and to this can be added a freight bill of $718,000 for transporting the oil from Searsport to the mills, making a whopping grand total of $4,384,000 in one year, or 6.9% of the total cost of sales. With an unfavorable water outlook, it is conceivable that the high pressure plants will have to operate at a much higher capacity in 1965 to meet the demands for power and, if run to the hilt, consumption of residual fuel oil could go to more than two million barrels at a delivered cost of some five and one-quarter million dollars.

Residual is defined as 'a remainder' or 'something left over.' And this is a very apt description for the residual oil produced in the United States where it represents less than 6% of what is left from a barrel of crude oil after the gasoline, naphtha, kerosine and other high value products have been drawn from the fractioning tower of a typical modern U.S. refinery. In overseas production areas, namely Venezuela, the residual portion runs to as high as 65% per barrel of crude oil processed. Foreign production constitutes the major source of supply in the world market place, but this supply is limited to U.S. consumers by an oil import program enacted by a Presidential Proclamation in 1959.

The oil import program was put into effect in the face of the Korean crisis. Its original objective, to promote the search for new domestic oil fields, was supposedly in the interest of national security; but it has since become a 'political football' for the coal industry which points to competition from foreign oil imports as the cause from many of its economic woes. The annual imports are controlled by so-called 'tickets' issued by the U.S. Department of the Interior. Requirements for an allotment are mainly based on the applicant's possession of a deepwater terminal and his usage in an x-number of years prior to 1959. Out of a total 48 eligible importers for the 1964 year, four of the group held 60% of the total quota -- visible evidence of the elimination of competition and the creation of a monopoly cartel.

Pressure, literally as strong as that under which our power plants operate, has been brought to bear by East Coast consumers (including Great Northern!) on President Johnson, Secretary of the Interior Udall, Oil Import Administrator J. Cordell Moore, and Maine's Congressmen and Senators in an attempt to have import restrictions relaxed or, preferably, abolished. Cost reductions of anywhere from 15 to 25 cents/barrel have been estimated if restrictions were eliminated; and even at a conservative 15 cents/barrel, this would have meant a savings of $250,000 for Great Northern in 1964. However, since the hope for this relief may, like the fruits of many political endeavors, be completely in vain, it behooves every employee to take a realistic approach toward reducing the waste of this costly power in our day-to-day operations -- repair that steam leak! shut off that air hose! reduce that fiber overflow -- correction of these inefficiencies is an assured way of cutting down on this MULTIMILLION $$$$$$ FIRE.'

(J. H. Heuer)

Two hundred more Pullman cushion under-frame cars purchased by the Bangor & Aroostook Railroad are being delivered. These cars are designed for double-decked loads and have a cushioned under-frame with a capacity of 140,000 lbs. They have a fifty foot box and have thirty inches of travel in each draw bar. The cars were first used in July 1962, and have been highly satisfactory in preventing transit damage. The B&A now has approximately 400 cars of this modern design in service.
RECENT DEVELOPMENTS IN MANUFACTURING

Millinocket Mill . . . A Cameron Winder was relocated from No. 7 to No. 9 paper machine on February 26, in record time of five days. Relocation of this winder clears the way for installation of a new single drum winder on No. 7. Paper machines No. 7 and No. 8 are the primary coating base stock machines with spot production on No. 9 which normally runs our wide trim specialties.

Trials have been conducted on No. 9 paper machine using the spray boom to apply starch on the paper to improve surface characteristics of the sheet.

With the connection of No. 4 digester on March 24, five digesters are now connected to the new sulphite flushing system leaving two to change over. Two of the old blow pits are being removed so foundations can be placed in this area for the permanent flushing liquor tank as well as for the second digester dump tank.

On March 22, the coater made a second speed trial of 3,000 fpm and successfully fired a flying paster.

East Millinocket Mill . . . A Formex power fabric has been installed on No. 3 paper machine. This fabric, which runs under a conventional wire, should increase wire life by preventing wire wear from suction boxes and couch. Previous to this installation, an auxiliary stretch roll and guide roll, as well as stainless steel flat box covers, were installed.

Another Rokide covered suction box has been installed on No. 6. Five of the seven boxes now have ceramic coverings. Progress is excellent on the new barking drum installation. Start-up trials will be run next week, in time for full operation as soon as the last of the wood is used from the pile.

Coated Paper Developments . . . An important customer for our coated paper is Time Incorporated. The future of coated paper at Great Northern could very well depend on the reputation we gain at Time. A maximum effort is being made by all concerned to satisfy this customer. Efforts since December have given the color, opacity, brightness and runnability that are satisfactory to them. A recent plus factor for our paper is the twenty-four hour production record on 38-pound Jetblade without a break on a Time press. A Time executive has also said:

"Great Northern Paper Company has made a dramatic entrance into the coated paper field and since entry has made a significant improvement in the 38-pound paper furnished to Time Inc."

There are still critical areas that must be corrected. A team representing production, quality control, product development and research has been formed to give quick service to complaints and to make rapid changes as needed.

Paper production for eleven weeks ended 3/21/65 . . .

<table>
<thead>
<tr>
<th></th>
<th>1965</th>
<th></th>
<th>1964</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tons</td>
<td>Daily</td>
<td>Tons</td>
<td>Daily</td>
</tr>
<tr>
<td>East Millinocket</td>
<td>77,480</td>
<td>1,006</td>
<td>64,099</td>
<td>929</td>
</tr>
<tr>
<td>Millinocket</td>
<td>62,488</td>
<td>812</td>
<td>49,970</td>
<td>649</td>
</tr>
<tr>
<td></td>
<td>139,968</td>
<td>1,818</td>
<td>114,069</td>
<td>1,578</td>
</tr>
</tbody>
</table>

A new production record was set at East Millinocket Mill for the week ended March 8, when five paper machines produced 7,031.1 tons, or a daily average of 1,004.4 tons of newsprint. No. 5 paper machine made a new weekly record during the week ended March 21, producing 2,643.4 tons.
Recruiting . . . . The importance of interesting capable young men (and women) in making a career of the paper industry in general and Great Northern in particular is obvious to all. Our most recent move in this regard was a paragraph outlining career opportunities at Great Northern in the 'Career Planning Edition' of NEWSWEEK Magazine's College Newsletter. According to NEWSWEEK, this issue of its College Newsletter was distributed to every major college and university in the United States and to many secondary schools.

Recent visitors at the mills . . . . Ulf Söderlund and Arne Hulteberg from Houlmens Eruks & Fabriks paper mills in Sweden were visitors on March 15 . . . . Neil F. Robertson, Vice President and General Manager of the West Tacoma Newsprint Co., West Tacoma, Washington, visited the mills on March 22 and 23.

On March 19, twenty-five seniors from Stearns High School were guests of the Controller's Dept. to see automation in action. Fred Eaton explained the automatic roll wrapping, the automatic weighing with the IBM input 357 at the Millinocket Mill finishing room. Next, the group observed the output at the keypunch in the Data Processing Center and a demonstration program was run on the computer.

Promotions . . . . Effective March 1, Warren A. Richardson was promoted from Junior Research Technologist to Research Technologist in the Research Dept. . . . . Eldon W. (Put) Gagnier was promoted to Area Foreman in Millinocket Mill on March 8. He is presently assigned to Area #1 (Paper machines #1 thru #6).

New Employee . . . . Robert M. Leavitt joined the Research and Development Dept. on March 1 as Junior Research Engineer. Robert was a member of our Summer Apprentice Program for the last four years. He received his B.S. degree in Mechanical Engineering from the University of Maine in 1963 and his M.S. in 1964.

You are Invited to a Birthday Party! . . . . The Millinocket Community Hospital will have a birthday party to celebrate its tenth year of service, Sunday afternoon, April 4. Tours of the hospital building and light refreshments are part of the program.

Great Northern at the World's Fair . . . . Xerox copies of the front pages of the New York Herald Tribune from January 1, 1900 to December 31, 1959, printed on Great Northern newsprint donated for the occasion, are being produced on demand at a Tribune 'Front Page Center' to all visitors to the U.S. Pavilion. (A suggested donation of $1.00 for each page goes to the Fresh Air Fund Program for Needy Children.)

Your most expensive 20 (?) minutes . . . . A Congressional sub-committee recently asked the Treasury how long it should take to fill out your tax returns. It received an estimate of 20 minutes for Form 1040 which goaded one subcommittee member to remark that it takes him that long to find his wife's social security number.
Peter S. Paine, President, in a preliminary report of the
Company's fiscal year ended January 3, 1965, reported record sales of
$74,807,000, compared with $70,237,000 a year ago. Earnings for the
fifty-three week year were $4,800,023 or $4.61 a share.

Reflected in this year's earnings is a reduction in depletion
charges to conform to a recent Internal Revenue Service audit, amounting
to 36 cents a share, and a reduction in the provision for income taxes,
to reflect the 7 percent investment credit of 35 cents a share.

Last year's reported earnings of $4,036,999, or $3.88 a share, adjusted to a comparable basis are restated at $4,822,206, or $4.64 a
share. March 10 is the mailing date for the 1964 Annual Report.

Mr. Paine's statement on Great Northern's earnings makes refer­
ence to two major changes in accounting practices that have had a major
impact on our 1964 and 1963 earnings. Taking these items one at a time, 
they can be explained as follows:

Depletion . . . . The U. S. Treasury Dept. allows woodlot owners to add
to the cost of each cord of wood cut, an amount theoretically equal to
the cost of either losing or replacing the cord for future use. Prior
to 1960 this depletion cost was calculated without regard to the value
added to our timberlands by regular growth -- nearly two-tenths of a
cord per timbered acre a year. As a result of an examination of the
Company's Federal income tax returns for the years 1960-62, the Company
has agreed to recognize growth in the computation of depletion of our
timberlands. The effect of this change is to lower the depletion rate
per cord and lower our cost of wood with a resulting increase in earn­
ings and income taxes.

Investment Credit . . . . The Revenue Act of 1962 provides a tax reduction
of up to 7% of the cost of new equipment put in place. However, all or
a portion of this credit may be lost if the equipment is not retained
for at least eight years. The tax reduction available from this law is
deducted from the provision for Federal income taxes on our Income State­
ment (up to 25% of taxes payable) in the year in which new equipment is
placed in operation. This tax provision was primarily designed to en­
courage capital spending as a spur to the economy. During the first
three years, $980,000 has been made available to Great Northern.

The Board of Directors at their meeting held January 20, 1965
approved the payment of a quarterly dividend of 35¢ a share, payable
March 10 to stockholders of record at the close of business on February 20,
1965. This will be the 221st consecutive quarterly dividend paid since
March 1, 1910, a span of 55 years.
Mr. Paine gave the opening address at a meeting on Corporate Planning held February 25 at the New York office attended by officers and department heads of the Company. Dr. Ernest Dale, our consultant in this field, and Robert Hellendale shared the program.

Mr. Paine, reflecting on the past, stated that history is of no value unless we can learn something from it. Applying 20-20 vision to the longer perspective of Great Northern, some of our past mistakes, now obvious, are:

1. Reliance on a single product
2. Failure to see the development of other sections of the country and capitalize on it
3. Not keeping abreast of the industry, as exemplified by replacing narrow machines with other narrow machines

In more recent years, since the big expansion in 1954-1957, we have spent $38,000,000 in our mills in Maine, not including heavy charges to repairs. These expenditures, taken as a whole, have not produced a satisfactory return on investment. Mr. Paine proposed that future capital programs must meet a certain standard -- a return on investment of 10% after taxes -- or they will not be approved. This standard will not apply to certain expenditures that are defensive in nature -- replacement of worn-out pieces of equipment which could cost many times its value if it failed. These expenditures must be carefully screened, however, because if this kind of expenditure takes too large a percentage of our available capital, we will not be able to make those expenditures that will improve earnings.

Mr. Paine stated that good corporate planning is a present day requirement. There was a day when you could run a company successfully by the seat of your pants, by hunches, by a certain feeling or intuition -- just as the old papermaker could form a sheet on the wire by putting bricks in the headbox -- but those days have gone forever.

We must have, before we can make a sound decision, the fully documented, factual presentation that bears upon the problem, and this must be the combined efforts of many skills in many departments -- winnowed, refined, and finally brought down to its essentials. This can't be done if we are running around putting out fires or making hasty decisions to meet emergencies of our own making that could have been avoided by proper planning.

Corporate planning was divided into two phases -- short term, which we can call three years, and long term, which can be three to ten years. The first job to tackle is the three-year plan. In formulating a short-term plan, we will have to be working on what should have been a long-term plan formulated ten years ago -- but we didn't, so let's do the best job we can now and improve our planning as we go on.

Mr. Paine went on to say that before any kind of a trip is planned, you have to know where you are going. It is not enough to say you are going for a rest or to have a good time -- any more than we can say that our objective is to make money. First off, we have to concentrate somewhere, and we know that our assets and our people are in the forest products industry. So, we can start off there and say our goal is to make the maximum number of dollars out of the forest products industry.

Furthermore, our skills are in paper, so we can go further and say that we will concentrate on converting trees to paper -- although we will not forget that a by-product of this could be lumber, plywood, or chemicals. And now we come down to what kinds of paper. What is the future potential of our present grades? Should we be spending our money on new products or improving our old ones?

There are many problems to be tackled in the Company. These must be sorted out, evaluated, a program of priority established, and a plan accepted and known by everyone in management. We have this year pretty well committed, but beginning in 1966, such a short-term plan should be operative. So we must start today.
KNOW YOUR COMPANY

This month's article dealing with the organization and functions of Great Northern focuses on the Personnel Dept. (Operations) . . . .

The closest the Company came to having a personnel department prior to 1955 was the Social Services Division during the 1920's which was part of the Woodlands Dept. They published the famous 'Northern' magazine. The need for a personnel department in Manufacturing became apparent following World War II, as a result of expansion and social change. In 1955, John E. McLeod became the first Manager of Personnel and the department in its present form began to take shape. Mr. McLeod retired in 1959 and was followed by Robert P. Gagne. The present Manager of Personnel - Manufacturing, J. R. (Jim) Adams, was appointed in 1961. The Personnel Dept. is divided into three working groups, each of which is administered by a director. As a group, the directors are responsible to Jim Adams for coordinating labor negotiations with the twelve local Unions.

D. W. (Don) Bail, Director of Personnel, is responsible for the personnel function in both mills. Helping Don in this function are:

<table>
<thead>
<tr>
<th></th>
<th>Milkt. Mill</th>
<th>East Milkt. Mill</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel Supervisor</td>
<td>W. L. Adams</td>
<td>R. E. Montgomery</td>
</tr>
<tr>
<td>Personnel Assistant</td>
<td>E. E. Hendrickson</td>
<td>C. E. Parsons</td>
</tr>
<tr>
<td>Safety Supervisor</td>
<td>J. R. Hickey</td>
<td>A. C. Michaud</td>
</tr>
</tbody>
</table>

These mill personnel departments are responsible for the safety effort, first aid, and the hiring of mill employees. The above people also make frequent contact with the Unions regarding the operation of the bargaining agreements.

Also under Don's supervision is the Training Director, Russell W. York, aided by John J. Thibodeau, Training Supervisor. From its inception, the Personnel Dept. has been instrumental in originating apprentice programs in the trades. In fact, Great Northern was the first to begin a program of apprenticeship in papermaking. Junior Achievement, a program that enables high school students to learn about the fundamentals of business, is also administered by the Director of Personnel. Three JA companies are operating at present.

John B. Rogers, Director of Personnel Administration, is responsible for professional and technical recruitment for the Operations Dept. The review system and appropriate records needed to evaluate monthly salaried employees in the Manufacturing Dept. are administered by this branch of Personnel as is the summer apprentice program. John is also the coordinator for the Company's Million Man Hour scholarship funds.

J. C. (Bob) Preble is Director of Employee Relations. In his capacity, Bob coordinates the Company's local public relations effort. In part, this means approving all newsworthy material for the Company's local radio program, The Great Northern Hour. Assisted by W. M. (Bill) Praught, Service Supervisor, Bob also administers the Company's pension and retirement plan for all mill and woodlands hourly paid employees. New monthly salaried employees in Operations are indoctrinated regarding fringe benefits, Company benefit plans, etc., by Bob's group. Community and customer relations take up a good deal of his time. The Photographic Services Dept. is in this group also staffed by Roger D. Boynton, Photographer, and Fulton E. Daniels, Asst. Photographer.
Since 1950, mechanization of woods operations has made it possible to cut manpower requirements by one third. The chain saw has doubled the cutters' production, and cranes have eliminated all hand loading. Trucks now in use take larger loads than they did in 1950. Another plus in mechanization has been the building of gravel roads to each camp and a network of access roads from the camp to the cutting site. These access roads now make it theoretically possible to cut a whole township from one camp. In days past, to cut a township containing 200,000 cords of wood meant the use of five to seven campsites over a period of years. Even though the modern camps are expensive there has been a noticeable overall reduction per cord in camp costs. There is less walking to and from work sites from one centrally located campsite, than there was from several campsites, because the workers can drive to and from work sites. It is unusual now for a cutter to walk over a mile from where he leaves his car, whereas two-mile walks were common years ago. This means more production time for the cutter and thus greater earnings. During this same period there has been a very noticeable drop in the number of men seeking woods work and it is safe to say we could not get our wood cut today if it had not been for mechanization. With the labor force dwindling each year we are looking into every possibility to reduce the man-hours required to produce a cord of wood.

With increased labor productivity brought about by increased mechanization, one might assume that pulwood costs have been reduced. NOT SO. Labor costs have increased moderately. A D-7 bulldozer which cost $18,000 in 1950 now costs $40,000. It is a better machine, but will not produce twice the output of its 1950 counterpart. Truck costs have increased proportionately. Supplemental payroll costs, including payroll taxes, insurance and other fringe benefits have also increased.

All Aroostook camps have completed hauling for this season. The Pittston area camps will complete hauling by February 27. As of now we have 50,000 cords of spruce and fir piled down at sidings along the Bangor and Aroostook Railroad. This wood will be reloaded and come in fast during the spring breakup period. Due to closed roads and weight limitations on trucks, there will be very little truck wood coming into the mill from early March until early June. Also during this period, it is impossible to move wood out of the woods.

Pulpwood highlights for the 4 weeks ended January 31, 1965...

<table>
<thead>
<tr>
<th></th>
<th>Peeled Cords</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>1965</td>
</tr>
<tr>
<td>Softwood:</td>
<td></td>
</tr>
<tr>
<td>Cut</td>
<td>10,742</td>
</tr>
<tr>
<td>Used</td>
<td>50,309</td>
</tr>
<tr>
<td>Delivered to mills:</td>
<td></td>
</tr>
<tr>
<td>Rail (1965 - 1,306 cars; 1964 - 1,405 cars)</td>
<td>22,100</td>
</tr>
<tr>
<td>Truck</td>
<td>28,349</td>
</tr>
<tr>
<td>Inventory 1/31/65 - mills</td>
<td>201,765</td>
</tr>
<tr>
<td>undelivered</td>
<td>230,351</td>
</tr>
<tr>
<td>Hardwood:</td>
<td></td>
</tr>
<tr>
<td>Cut</td>
<td>655</td>
</tr>
<tr>
<td>Used</td>
<td>3,915</td>
</tr>
<tr>
<td>Delivered to mills:</td>
<td></td>
</tr>
<tr>
<td>Rail (1965 - 37 cars; 1964 - 62 cars)</td>
<td>785</td>
</tr>
<tr>
<td>Truck</td>
<td>4,348</td>
</tr>
<tr>
<td>Inventory 1/31/65 - mills</td>
<td>11,114</td>
</tr>
<tr>
<td>undelivered</td>
<td>46,363</td>
</tr>
</tbody>
</table>

Ralph E. Clifford, Assistant Manager of Woodlands, had a pleasant and educational visit at Great Southern earlier this month. Ralph reports that James W. Richardson, Woodlands Manager and his staff are doing a great job in keeping the mill supplied with wood.
RECENT DEVELOPMENTS IN MANUFACTURING

Millinocket Mill . . . . The new sulphite mill digester flushing system and the new sulphite pulp washers were started February 13 with one digester connected to the system. The digester flushing system is designed to empty the digesters at the end of the cook, and eliminate the condition caused by chip packers of having some pulp left in the digester. This, in turn, will eliminate any loss in production or quality resulting from pulp cooked a second time. The washer installation is made up of two cylindrical washers operating with a vacuum. Each of the cylinders is 11½' in diameter by 20' in length. Operation with these washers will eliminate the present blowpits and their high maintenance cost, as well as provide an increase in pulp washing capacity. In addition, there will be a sizeable reduction in the amount of fresh water used for pulp washing. A new building between the sulphite digester building and the paper machine building houses the washer installation and much of the flushing system.

An experimental Tertiary (three stage) cleaner system was started up on #2 P.M. on February 9. Test results indicate a cleaner appearing sheet and a reduction in fiber rejects. Further testing will be done using various reject rates and various types and sizes of nozzles.

East Millinocket Mill . . . . Trials are currently being made with continuous felt wash application to wet felts on the high speed machines, the object being to reduce felt cost.

A special Appleton flat warp fourdrinier wire has been run on #6 P.M. This wire allowed running lower headbox consistencies resulting in better formation. Preliminary results indicate improved printability.

An Elwell-Parker truck with vacuum attachment is being tried out at the Mill’s Finishing Dept. This is a high capacity truck with a Little Giant attachment and will be purchased if the tests are satisfactory.

A Lincoln automatic welder has been purchased and has shown considerable promise towards greatly reducing welding time on heavy construction jobs.

An evaluation is currently under way using a belt sander on the Lobdell roll grinder at East Millinocket. This equipment has been used very successfully at Millinocket and other paper mills. Indications to date are that the unit will significantly reduce grinding time with no decrease in finish and accuracy.

William D. Mongovan of the Sales Service Dept. is conducting a series of meetings with Paper Room and Control personnel to discuss pressroom problems with newsprint. His discussions have been well received by all personnel and are beneficial to improvement of newsprint quality.

<table>
<thead>
<tr>
<th>Paper production for six weeks ended 2/14/65 . . . .</th>
<th>1965</th>
<th>1964</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Daily</td>
<td>Daily</td>
</tr>
<tr>
<td>Saleable Production</td>
<td>Tons</td>
<td>Tons</td>
</tr>
<tr>
<td>East Millinocket</td>
<td>43,237</td>
<td>40,705</td>
</tr>
<tr>
<td>Millinocket</td>
<td>34,194</td>
<td>28,291</td>
</tr>
<tr>
<td></td>
<td>77,431</td>
<td>68,996</td>
</tr>
</tbody>
</table>

The Millinocket Mill had two unfortunate accidents on Wednesday, February 25. Robert Pinette was injured at the #7 winder when his arm became caught between the reel drum and the Mount Hope roll. His injuries are quite serious. Peter Simond was injured in the Finishing Dept. train shed, while unloading a car. He was pinned between rolls of paper and an electric truck, when the bilge-loaded rolls moved forward. He suffered friction burns and bruises.
The annual Operations Dept. 'How Are We Doing' meeting for monthly salaried employees was held February 8 in the Millinocket Municipal Building.

The key speaker, J. H. Heuer, Vice President-Operations, reviewed past developments and future plans of Great Northern. Mr. Heuer described the year 1964 as a year of building for the future and the year 1965 as a year of consolidation. Heavy capital expenditures in the past few years at Millinocket Mill are starting to pay off, he said, particularly in the areas of paper quality and sulphite production. The increased sulphite capacity, plus recent research developments in pulp quality, should enable us to discontinue the use of purchased pulps, hopefully by the end of this year.

Mr. Heuer noted that operating profit in 1964 was down 21% from 1963 and asked how increased capital investment could be justified to the stockholders in view of declining profit from operations. The Millinocket and East Millinocket mills, he said, were in competition with other Company investment plans, and unless profit improvements are shown capital may be invested elsewhere.

Referring to the incentive program, under which the first pay-off was made at the end of 1964, Mr. Heuer said that there was no reason why this payoff could not be much higher if all the monthly salaried employees were to practice the strictest economy, keep overtime at a minimum, stop waste of material, and allow no extra men on the job.

Mr. Heuer said that the Company's share of taxes in the mill towns was very high and he urged all those in attendance to attend budget meetings, town meetings, etc., to keep taxes down since taxes affect the future of Great Northern in the Millinocket area.

In conclusion, Mr. Heuer said that each monthly salaried employee should keep the interest of Great Northern uppermost in his mind and be an ambassador of good will for the Company wherever he goes, since what benefits Great Northern benefits the individual employee.

**GNP Tag Inserter** . . . A simple yet effective device has been developed to insert a tag into a reel of coater base stock as it is being wound. The device responds to a signal from the void detectors and is used to mark the voids. These can then be found easily at the winder for patching before going to the coater.

This development started in our Engineering Dept. and more recently was carried on in the Pioneering section of the Research & Development Dept. A patent is being applied for because of the general interest throughout the industry. The tag inserter will be made at the Millinocket Foundry and sold to other paper companies through a sales representative.

**Penobscot River Classification** . . . Legislation to classify the Penobscot River has been filed in Augusta and referred to the Committee on Natural Resources. The legislation as proposed essentially follows the recommendations of the State Water Improvement Commission as outlined at the public hearings in Millinocket and Bangor last Fall. Briefly, this document proposes the following classification:

- West Branch from Ferguson Pond to Medway -- Class D -- (Requires positive dissolved oxygen at all times, plus absence of objectionable floating material.)
- Main Stem from Medway to Hampden Highlands -- Class C -- (Requires water quality suitable for trout and salmon.)
- Tidal Estuary -- Class SC -- (Comparable to Class C but covering salt water.)
We are now well into the start-up phase of the automatic wrapping and finishing equipment in our new Millinocket Mill Finishing Room. The equipment automatically puts wrapper, end bands, and chafe bands on rolls of paper, passes them to the second station which automatically crimps the ends of the rolls, and then to the third station which puts on the heads. The roll then travels by belt to an automatic weigh station. After passing the weigh station the rolls continue on the conveyor to an automatic ejection ramp, from which the rolls are trucked to the box cars.

The automatic finishing equipment is designed to handle one roll every 60 seconds. This can be accomplished with perfect operation of all the equipment. At the present time normal start-up problems are being encountered such as crew training, equipment adjustment, and minor breakdowns. When all equipment is operating normally, a superior wrapped roll of paper will be produced. As of March 2, we had not been able to put the production from all machines through the automatic station for an uninterrupted 24-hour period. The system will not be considered operational until this can be accomplished for a minimum of 48 hours.

The paper work at the weigh station has been automated through the use of an IBM 357 Data Collection system which connects the scale to equipment in the Data Processing Dept. Briefly this system works as follows: Pre-punched master cards containing customer order information are located in a rack at the weigh station. When a roll arrives at the weigh station, the proper master card is selected and inserted into the IBM 357 device, which enters all fixed order information automatically; variable information such as roll number is entered on a keyboard. The roll weight is indicated on a scale dial and is automatically entered into the data system and printed on the roll label. The information entered into the data system is transmitted by a cable to a keypunch machine in the Data Processing Dept. The punch cards at this location are then processed by the computer to produce production reports, specification sheets, and bills of lading.

At a press conference on January 7, the Pulp, Paper and Paperboard Institute revealed that the paper industry in 1964 produced over 41 million tons of pulp, paper and paperboard and showed estimated profits well in excess of $700 million (after taxes) on sales of paper and paper products totaling $17 billion. In the year 1963, 39.2 million tons of paper and paperboard was produced, with the 1964 total representing about a 5% increase over that. Pinpointing the areas of growth within the industry, it was pointed out that the strongest growth rates have been evident in coated papers -- the totals of these grades appear to be moving some 9% ahead of 1963. Employment in the paper and allied products industry in 1964 totaled 630,000 -- a 1% increase over 1963 figure of 620,000.

The outlook for 1965 must be based on at least two factors -- how well the total economy of the nation will behave, since the paper industry is an integral part of its economy, and on how well the industry can maintain its position within the economy. However, forecasts continue to be optimistic and the GNP (Gross National Product) for 1965 is about $652 billion, up 4 1/2% from 1964. The corresponding increase in paper and paperboard output would bring the total to 42.5 million tons, and would mean that the relatively high operating rates shown by the industry in 1964 would continue into 1965.
Approximately 70 students from Stearns and St. Martin of Tours high schools toured the E&R Building February 18 and learned about the advantages of a scientific career with Great Northern.

Maurice McLean, Pat Welch, and John Thibodeau gave brief talks to the students outlining the functions of their respective departments. It was also explained that careers in Great Northern, or the paper industry in general, need not be restricted to the scientific disciplines -- there is a need for every academic endeavor in an industry as complex as ours. Many provocative and far-reaching questions were asked by the students, indicating that they are concerned about their place in the future.

Sally E. Whittam and Tom H. Flanagan spent a week at Great Southern this month. They participated in several meetings pertaining to export shipments and Ocean Marine insurance problems. These meetings were scheduled as part of a special Salesmen's Seminar at Great Southern, attended by representatives of Great Southern's Traffic and Billing departments and Great Northern's Export and Insurance departments. They also attended a series of meetings to discuss proposals for renewal of Workmen's Compensation, Public Liability Insurance, etc., for both Great Southern and the Chattahoochee Industrial Railroad.

Leo L. Thibodeau, Employment Manager, Woodlands Dept., presented a paper "Effective Recruiting and Training of Woods Workers and Loggers" at the annual American Pulpwood Association meeting on Feb. 24 in New York City.


Promotions and transfers . . . . Effective February 15, Louis Rotar, formerly Service Manager in the New York Sales office, was reassigned as Newsprint Sales Representative for the New York State area. He reports to Charles D. Tiedemann, Newsprint Sales Manager . . . . Paul E. Jarvis, Sales Service Engineer, was appointed lead man for the sales service group, reporting to J. H. Staples, General Sales Manager . . . . J. J. (Jack) Egan, Industrial Engineer, has full supervisory authority as Storeroom coordinator over the Stores function for an indefinite period until the very heavy schedule now involved has been smoothed out.

Resignations . . . . Effective March 1, Jerome C. Smart resigned as Tour Foreman - Sulphite, at Millinocket Mill . . . . Roderick F. Berg resigned as Junior Engineer in Central Engineering . . . . Frank J. Krasofski, Analytical Group Leader in the Research Dept., submitted his resignation effective March 8 to accept a position with Weyerhaeuser Company's Paper and Pulp Division in Fitchburg, Mass.

New Employee . . . . Terry N. Pendleton joined the Sales Dept. on February 4 as a Sales Trainee. Terry received his B.A. degree in pulp and paper technology from Miami University, Oxford, Ohio.

Retirement . . . . James E. Reagan, Maintenance Superintendent at East Millinocket Mill since August 1957, takes a well-earned retirement on March 1. Jim has been with the Maintenance Dept. since 1922 when he joined the Company as Machinist Helper. He has held the positions of Machinist Clerk, Field Repair Superintendent and Maintenance Foreman prior to his present position. Leaving with the best wishes of everyone, Jim will begin his leisure days with a sojourn in Florida.
Great Southern Land and Paper Company earned $545,524, or 14¢ per share, for the quarterly period ended December 20, 1964, according to Peter S. Paine, company President. Mr. Paine made the announcement at the annual meeting of Great Southern stockholders held January 27 in Atlanta.

For the fiscal year ended September 27, 1964, its first full year of operations, Great Southern reported net sales of $21,345,595, and, after providing $2,826,521 for depreciation, a loss of $379,704.

While disappointed that the first year's operations were not in the black, Mr. Paine noted that Great Southern had a profitable fourth quarter in its first fiscal year and has more than made up for last year's loss since the close of the fiscal year.

High costs incidental to start-up and losses resulting from last spring's shutdown to retube a segment of the recovery boiler were the major causes of the reported loss in the first fiscal year. Since July 1964, however, Great Southern equipment has operated well.

The improvement in Great Southern earnings resulted principally from higher production, Mr. Paine explained, up 13 percent over the previous quarter. "Orders continue strong," he said, "and our mill is currently operating at 125 percent of its original designed capacity. We are greatly heartened by the acceptance of our linerboard by the independent box manufacturer."

Great Southern stockholders re-elected all thirteen members of the company's Board of Directors at the annual meeting, including Edward L. Cowan and Leslie G. Kewer of Dothan, Alabama; George Hansell and James D. Robinson, Jr. of Atlanta; John J. Neely, Manchester, Ga; Walter D. Sanders, Newnan, Ga; T. Hiram Stanley, Columbus, Ga; and Howard G. Brush, Richard G. Croft, Robert A. Haak and Peter S. Paine of New York City; and J. H. Heuer and M. C. McDonald of Bangor.

An organization meeting of the Great Southern Board held immediately after the stockholders' meeting re-elected the following officers for 1965-66: John J. Neely, Chairman of the Board; Peter S. Paine, President and Chief Executive Officer; Edward L. Cowan, Executive Vice President; Bruce P. Ellen, Vice President-Production; John F. Steedley, Vice President-Engineering; Leslie G. Kewer, Vice President and Treasurer; and Robert Hellendale, Secretary.

Great Northern's annual production of 599,339 tons and shipments of 596,628 tons during 1964 set a new Company record. East Millinocket Mill produced 57% of the total production for the year led by the big machines (Nos. 5 and 6) which accounted for 41% of the Company's total production. Total production for the years 1963-64 is as follows:

<table>
<thead>
<tr>
<th></th>
<th>1964</th>
<th>1963</th>
</tr>
</thead>
<tbody>
<tr>
<td>Millinocket</td>
<td>259,749</td>
<td>248,205</td>
</tr>
<tr>
<td>East Millinocket</td>
<td>339,590</td>
<td>321,732</td>
</tr>
<tr>
<td></td>
<td>599,339</td>
<td>569,937</td>
</tr>
</tbody>
</table>
New Teletype Data Communications System . . . . In the Great Northern – Great Southern teletype system we have seven on-line teletype stations — two in Georgia, two in New York and three in Millinocket. This teletype equipment is used to transmit all customer orders for Great Northern and Great Southern from the New York Sales office, thus providing rapid transmission of detailed order information to manufacturing personnel. The teletypes are also used to send reports and messages between the mill and the Sales office.

These seven stations are now all tied together with an electronic poling device. This device tests each station in turn and checks to see if a message prepared in punched paper tape is ready for transmission in the tape reader. If there is a message, it is automatically sent to the station selected; and, if no message is there, the next station is tested and its message sent. With this system, direct teletype communication now is available between Maine and Georgia. One or more stations can be connected in any manner, and unattended teletype transmission is available because messages and reports are automatically acknowledged before transmission.

The G.E. 412 computer at Great Southern was described in a feature article in a recent issue of Control Engineering. The 412 computer is a pioneering application of a large digital computer to an integrated pulp and paper operation. The project involves a cooperative effort among Great Southern, General Electric, and Great Northern research personnel.

Plans have been laid out for a gradual addition of various computer functions as the necessary techniques and programs are developed and proven.

In the initial work, programs were introduced for scanning, averaging and logging various process conditions and quality factors. Certain alarming actions were also included.

During recent months progress has been made in using the computer for control purposes. The Process Improvement Routine (PIR) is a system which uses various input data to calculate certain required machine settings. Paper quality is presently fed into the computer through manual input dials in the paper test lab. Machine conditions and present settings are read directly by the computer. The calculated adjustments are typed out in the paper machine operating area where they are used as guides for the operating personnel.

West Branch storage is now at 22.4 billion cubic feet. This is 39.3% of full storage and 4.2 BCF below rule curve. The year 1964 was the fourth driest year on record. The total precipitation of 33.04" was 8.44" below our 64-year average. The three previous dry years were 1941 with 31.08" of precipitation, 1956 with 32.74" and 1924 with 32.84".

Record 9.84-inch rainfall in Dothan, Alabama . . . . The heaviest rainfall on record for a single day — 9.84 inches — swamped Dothan on Christmas Day, putting several residential areas under water and snarling traffic at many places.

The rainfall was the heaviest for Dothan since weather records have been kept for the area beginning in 1902. Previously, a nine-inch rainfall on March 14, 1929 was the record.
KNOW YOUR COMPANY

The second in a series of articles on the organization and functions of Great Northern is on the Company's Treasury Dept.

The first treasurer of Great Northern Paper Company was J. Sanford Barnes who served for 12 years, until 1912. He was succeeded by F. T. Rollins, H. M. Joyce, and B. C. Ward who served for over 33 years until his retirement in 1954. Howard G. Brush served until 1956, and the present treasurer, Donald E. York, has served since that date.

In 1954, some of the functions of the Treasury Dept. were moved from New York City to Millinocket. This move was made in order to realize the maximum benefit from the new punched card system (IBM) in the processing and payment of Company bills. In 1955, when Donald E. York was appointed Assistant Treasurer, the balance of the treasury functions were moved to Millinocket.

The Treasury Dept. is part of the Financial Division (the balance being comprised of the Controller’s and Insurance Depts.) and is under the direction of the Treasurer, Donald E. York, who reports to the Financial Vice President, Howard G. Brush, located in the New York office. Mr. York also serves as Clerk of the Corporation. The department has many functions but primarily it is concerned with:

1. The establishing of all credit extended customers of the Company.
2. The collection of all funds due the Company.
3. The payment of all bills.
4. The investment of funds not currently in use.
5. The care and custody of all funds and securities.
   Mr. York is assisted in the above areas by Charles M. Roop, Chief Cashier, Joseph Morneault, Cashier, and Maxine Morrow, Clerk-Typist.
6. Preparation and payment of the weekly and monthly confidential payrolls covering all salaried employees and the various tax returns covering city, state and Federal payroll taxes.
7. Maintaining the records and handling the detailed operation of the Annuity Program covering salaried employees.
   The above functions are under the direction of Frances A. McDonald, Salaried Payroll Supervisor, who is assisted by Alphena Legassey and Jay Jordan.
8. The preparation of forecasts of Cash Flows used for the guidance of the officers and directors.
9. The recording and distribution of Company credit cards.
10. The custody of certain permanent records and personal property of the Company.
11. Special studies in connection with local taxes, government reports and statistical data.
   The above are some of the functions handled by Stanley G. Hawes, Forecasting Supervisor.

The Treasury Dept. has one employee, Frank C. Millward located in the New York Office, who is responsible for --

1. Coordinating the exchange of data necessary between the Sales and Treasury Depts. in establishing credit for customers.
2. Handling of Letters of Credit and issuance of Sight Drafts in connection with our export shipments.
3. Handling the New York Office cash fund.
4. Acting as liaison between New York and Millinocket offices in connection with details of invoices, expense accounts and insurance claims.
RECENT DEVELOPMENTS IN MANUFACTURING

Millinocket Mill . . .

The mill has completed piling out 5,000 cords of rough spruce and fir truck wood to act as a cushion for mill supply in case heavy snows hold up deliveries of truck or car wood.

No. 2 Digester Circulating System started up on December 11, 1964, and the No. 7 system started up on December 29. This completes the installation of circulation systems on all 7 digesters. Equipment installed on these systems included digester strainers, liquor circulation pumps, heat exchangers, steam and condensate piping, and control instrumentation. Greater pulp production will result due to the use of chip packers, thus charging the digester with a greater quantity of wood per cook. More cooks per day can be made due to the ability to bring the digester up to cooking temperature in a shorter time, and uniform temperatures throughout the digester, maintained by the cooking control, will result in better uniformity of the pulp produced. Work is progressing on a new washing, digester flushing, and blow tank equipment, so that shortly the blow pits will not be used except to temporarily store washed unscreened sulphite pulp. No. 3 digester will be the first to be connected to the new dump tank. As efficient operation is reached, other digesters will come on the line in sequence.

No. 8 paper machine started up on January 24, after being down two weeks. Equipment installed during this period included a new suction couch and couch vacuum pump. The fourdrinier was also leveled. Modifications to the machine will improve paper quality and reduce production costs and maintenance. New 20-ton bridge cranes have been installed over the dry ends of Nos. 7 & 8 and Nos. 9 & 10 paper machines. Also, a new electric paper truck has been installed to convey paper from these machines to the existing raw stock passageway monorail. The installation of this equipment will improve the efficiency of paper roll handling in this area and provide necessary facilities to handle paper on the No. 7 single drum winder which will be installed soon.

A new automatic roll wrapping system has been installed in the Finishing Dept. This has been one of the more important projects of the past year and revolutionizes the wrapping and shipping processes in the mill. One of the features of the new system to increase the efficiency of the department, is an automatic tie-in with Data Processing to record necessary information through the computing system. More on this project in a future newsletter.

A 1,075 cubic feet per minute diesel air compressor was put into service in December. This unit is tied into the existing mill compressed air system, and will allow repairs to be made to existing compressors without disrupting mill production. Further, it will no longer be necessary to rent a portable compressor for additional capacity during the summer months.

The coater has been keeping up with the base stock machines at Millinocket with a resultant high production. A production record was made on January 14 of 203.3 tons. A recent order for 19,000 tons of 38# Jetblade for 1965 delivery has been an incentive for all concerned. Various experiments have been made recently to eliminate streaking on the coated paper. These include an experiment with the pH level in the base stock sheet, the use of the spray boom on No. 9 PM using Avitone (an agent used to reduce picking at the presses and in the dryers), and running with a higher flat box on No. 9 PM to harden the sheet.

Millinocket Mill . . .

Work is in progress on two major repairs. The older No. 1 barking drum has been completely removed and foundation work for the new Ingersoll-Rand drum is being carried on. A major overhaul of No. 1 waterwheel at Weldon Station is in progress.
By refining the present old grinding room bull screen rejects, it is anticipated that about 2.5 tons of groundwood tailings will be recovered daily at East Millinocket. This stock, formerly seweried, will be converted to useable fibre and will also help reduce river pollution.

A chemifiner is to be installed for use on a portion of the sulphite. The accepted pulp will be piped to No. 5 paper machine for trial runs. The target date for start-up is April 1, 1965. It is expected that this installation will result in a cleaner and stronger sheet of newsprint.

A new airlock has been installed in the old Finishing Room at the entrance to No. 15 track. It is awaiting an actuator at the second door.

Mill safety records . . . . Total man hours without a lost-time accident in the Millinocket Mill has reached 463,750 hours; East Millinocket Mill has accumulated 114,000 hours; and Group III now has a total of 551,300 hours without a lost-time accident.

The East Millinocket Million Man Hour Scholarship Committee announced the award of a $1,000 scholarship to Stephen A. McLaughlin, a freshman at the University of Maine enrolled in Chemical Engineering. Stephen is the son of Roland McLaughlin of Medway, Maine, who is employed at the East Millinocket Mill as a chemigroundwood plant operator. The money was made available from an unused portion of a previous Million Man Hour scholarship award due to a college drop-out.

NOTES FROM WOODLANDS

All camps are now hauling their wood to rail sidings or water landings. The Aroostook wood cut in the Bartlett, Milliard, and Saucier camps is being piled down at sidings and will be used to supply Millinocket Mill during the spring breakup period. Wood cut at the Guerette operation is being landed on Umbazookskus and will come down the West Branch Drive.

In the Pittston district, hauling got off to a slow start due to a shortage of trucks. This situation has been cleared up and there should be no difficulty in finishing each job. The Gilbert and Marcoux jobs are landing on Black Pond between Caucocomogoc Dam and Chesuncook Lake. The Nadeau, Gosselin and Caouette camps are landing on Big Bog. Paquet has the only sled-hauling job and his wood is landed on the North Branch just above Pittston Farm. Small farm-type tractors are used to move the wood.

Foresters are now laying out next year's cut and are marking the trees to be cut. Tree marking cannot be done too far ahead of actual cutting, as after a year or so the paint fades, making it difficult for cutters to identify trees that are to be cut.

Woodlands ended the year with an accident frequency of 16. This is a 14% improvement over last year, and marks the second consecutive year that the frequency has been under 20. Nationally, the frequency for logging is 54, so Woodlands is justified in feeling that they are doing a reasonably good job.
Competition for 50% tax recommended on pulpwood

The purpose of the study is to determine what effect selective cutting (cutting marked trees only) will have on forest stands composition, and on the rate of growth on these areas in the future.

The field data collected, included the following: Volume of trees remaining (residual), logging waste, wind damage, bulldozed road area (width and length) and reproductive capacity of the stands. Statistically designed sampling with permanent plots has been completed.

Foresters agree that tree growth can be very rapid on lands that are cut in a selective manner; but there are a number of hazards, including damage caused by wind, sun scald, and poor drainage.

Allagash Wilderness Waterway . . . . A proposal for State control of the Allagash was recently submitted to all members of the legislature by the Allagash River Authority. The proposal outlines the area in question, administration, control of use of water, control of use of land, roads and access points, management, etc.

We understand that the Authority is in the process of transforming this proposal into the necessary legal form for legislative consideration. A resulting bill will then have to be sponsored by a member of the legislature. At this point many questions remain unanswered: Will the 102nd Legislature pass this bill if presented? If not, will the Interior Department take a firm stand for a National park? What about Dickey or the proposed Maine Power Authority plan for Cross Rock?

In his budget message to the 102nd Legislature, Governor Reed recommended a further increase in the wild lands tax, and if passed will add greatly to the Company's tax bill. The tax rate has increased by 50% in the past three years and the valuation placed on our lands by the State has been greatly increased, resulting in nearly doubling our total tax cost over the period. Since the State sales tax law went into effect, the wild lands tax has been the only property tax that has gone into the General Fund. The landowner gets practically no services or benefits for his tax dollar.

The proposed increase can only lead to increased wood costs. Competition being what it is, we can ill afford this increase.

Pulpwood highlights for the year . . . .

<table>
<thead>
<tr>
<th>Softwood:</th>
<th>Peeled Cords</th>
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</thead>
<tbody>
<tr>
<td>Used</td>
<td>1964: 588,131</td>
</tr>
<tr>
<td>Delivered to mills:</td>
<td></td>
</tr>
<tr>
<td>River</td>
<td>1964: 176,716</td>
</tr>
<tr>
<td>Truck</td>
<td>1964: 221,403</td>
</tr>
<tr>
<td>Hardwood:</td>
<td>1964: 270,058</td>
</tr>
<tr>
<td>Used</td>
<td>1964: 44,739</td>
</tr>
<tr>
<td>Delivered to mills:</td>
<td></td>
</tr>
<tr>
<td>Rail (1964 - 895 cars; 1963 - 1,251 cars)</td>
<td>1964: 18,314</td>
</tr>
<tr>
<td>Truck</td>
<td>1964: 30,604</td>
</tr>
<tr>
<td></td>
<td>1964: 39,727</td>
</tr>
</tbody>
</table>
Effective February 1, Great Northern Paper Company will increase the spot sales price of its coated and uncoated groundwood printing grades, the first such increase since January 1961. Jet Printing, an uncoated, bleached groundwood paper, will be increased 3 percent, or $5.00 per ton, and Norblade and Jetblade, the Company's bleached and unbleached groundwood-base coated papers, will be increased 5 percent, or $10.00 per ton. Contract customers will be protected at present price levels until April 1, 1965.

The annual Bolton Award Competition is being sponsored by the Paper Industry Management Association for the 18th year. The topic this year is "What is Good Management" and papers on this subject are being invited from all employees of the pulp and paper industry. The prizes range from $200 to $1,000. Contest closes at midnight, February 28.

Great Northern has had two successful contestants in previous years. Douglas Smeaton, Senior Engineer, was a winner in 1963 and Robert Witham, a Plant Guard, received an award in 1960.

Challenges of the 60's was the title of a talk delivered by J. H. Heuer, Vice President - Operations, on January 21, at the 9th annual joint meeting of TAPPI and the Michigan division of PIMA at Western Michigan University in Kalamazoo. In his talk, Mr Heuer reviewed past developments in the industry, where the industry stands now, and what challenges current technological changes will bring over the balance of the 60's.

Great Northern is represented at the 51st Annual Meeting of the Technical Section of the Canadian Pulp and Paper Association by Messrs. T. M. Barry, D. O. Nelder, J. A. McLean, O. J. Lombard, J. E. Cabot, R. S. Kleinschmidt, R. B. Moores, W. R. Heal and R. T. Thaxter. The meetings are being held January 25 to 29 at the Queen Elizabeth Hotel in Montreal.

Keeping Our Dignity . . . . It is sometimes difficult to maintain one's dignity. In fact, it is even hard to define the word. What exactly is dignity?

The generally-accepted definition of the word is that dignity is a quality of character which wins the admiration and respect of others. It is also associated with being noble.

Dignity is the opposite of loudness and common behavior. It is a quality which prevents an individual who possesses it from intruding. Genuine people do not 'affect' dignity. This is phony. Dignity itself is not forced or stiff. It can be as warm and simple and down-to-earth as people themselves.

So, then, we might all do well to keep in mind the dignity and character which we should like to exemplify. Whether we be a simple laborer, or a wealthy executive, we can walk the streets with head high, a noble bearing, and conduct our lives with dignity and principle. And if we do this, with faith, and dedication to what one believes right, the storms and bitter blows of life will come and go and nothing can destroy that hard-to-define quality, the dignity of the individual human being.

Ahoskie (N.C.) Herald
Promotions and transfers . . . Effective January 1, Adam Gniazdowski, formerly Director of Market Research, was promoted to Assistant to the Vice President and Secretary. Among other duties, Mr. Gniazdowski will assist in a long-range planning function which comes under Mr. Hellendale's responsibilities. . . . Frederick V. Ernst, formerly Staff Assistant, was promoted to the position of Market Research Supervisor. His duties include the preparation of statistical reports, sales forecasts, and analytical market studies. Fred reports to Howard Willets, Executive Director of Sales Development. . . . Effective January 4, William L. Shaughnessy, formerly Technical Sales Service Trainee in the New York Office, was transferred to Chicago as a Junior Salesman, responsible for the sale of our specialty grades of paper. . . . Effective Dec. 31, George F. Peckham, formerly Area Engineer, was promoted to the position of Superintendent - Coating reporting directly to the Superintendent - Paper and Coating Division. . . . Due to the elimination of the position of Assistant Coating Mill Superintendent, Clifford T. MacWhinnie was reassigned to the position of Tour Foreman - Coating; and E. Gilbert Haight was reassigned to the position of Area Foreman (Plant Engineering). . . . Angus N. Bears, formerly Area Foreman, was promoted to the position of Foreman - Finishing, reporting directly to John D. Nicholson, Day Foreman - Finishing. . . . Effective January 4, Chester R. Tweedie, formerly Materials Engineer at East Millinocket Mill, returned to the Central Engineering Dept. in the Power Systems Section. Chet had been assigned to East Millinocket Plant Engineering since 1960. . . . William C. Birt, Senior Area Engineer at Millinocket Mill has been reassigned, on a temporary basis, to work under the general guidance of J. J. Egan on problems related to the storeroom.

Resignations . . . James G. Mahoney resigned as Tour Foreman - Finishing at Millinocket Mill effective January 1. . . . Michael F. Hradek, Junior Research Engineer, was granted leave of absence to enter military service. . . . Richard D. Case resigned as Production Control Supervisor on the New York Sales staff. . . . Nicholas Jamo resigned as Area Engineer at the East Millinocket Mill effective December 24. Nick is now manager of the I.G.A. store in East Millinocket.

Retirement . . . Frank R. Jarvis retires on February 1, after more than 37 years of service with Great Northern. Frank joined the Company as a laborer in the East Millinocket Mill and will retire from the position of Yard Foreman which he has filled since October 1962.

This month's booklet in the series of building economic understanding is a mystery entitled The Case of the VANISHING DOLLAR.