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REPORT OF THE CHAIRMAN AND PRESIDENT

Recruiting talented engineering students through our Consider Engineering Program and with our scholarship remains one of our top priorities. In 2011 we received 172 applicants for 102 spots in Consider Engineering, and 80 applicants for 24 1st yr scholarships. Please encourage students to like us on the Foundation Face Book page and connect with us on the Foundation's Linked-In page. In 2010 and 2011 PPF graduates were 100% employed or heading to grad school, with 62% and 72% of those entering the work force respectively hired by the Paper Industry or its suppliers. As of February, 13, of 24 graduates have employment commitments for May, with 12 employed in the paper industry.

The change of auditors in 2011 went very well, with two auditors spending a full day in the Foundation office. It was good to know that our financial processes and systems are sound. Also in 2011, the use of QuickBooks for financial reporting was expanded to include account details, and our prior system "Checkbooks" was abandoned.

The amount spent on scholarships reached record levels at \$751,648 in 2011. This year, 2012, will be the final year of a three year trial of overspending our 5% policy to meet industry needs. As we progress through the year we will look for a joint recommendation from our scholarship committee and investment management committee to realign spend with investment income expectations in a way that still encourages students to be excited about the Pulp and Paper Industry.

Paper Days 2011 was very vibrant with a terrific key note address by Verso President and CEO Mike Jackson. Mike pointed out to the students that the Paper Industry is a wonderful place to work because of its high level of sustainability and low dependence on fossil fuels. A session on "What's Happening Across UMaine Engineering", where 17 different professors presented, was also very much appreciated by attendees. Attendance at Paper Days 2011 exceeded 300, a new record for recent Paper Days events.

Our investment performance in 2011 left room for improvement – please see the investment management committee report. We expect that the Investment Management Committee will evaluate our current financial advisor, and advise a path forward. Income from corporate gifts was up 7%, Individual gifts were up 22% and endowment gifts were up 80% over 2010. Some of the increase in endowment gifts can be attributed to the Class of 1999 giving led by Mike Davis.

We anticipate 2012 will be an exciting year. Our Board has voted to partner with the Dean of Engineering's office and with the Development Office to share a Development Officer. We are excited to begin this two year trial in an effort to increase annual and endowment

giving. In addition, the Executive Committee has voted to form a sub committee to look at the Foundation's missions and priorities, assure that both are relevant and appropriate for 2012 going forward, and to evaluate the Foundation staff functions and organization. This evaluation is being conducted now to take advantage of anticipated personnel changes over the next five years.

A challenge for 2012 will be finding enough ChemE co-op positions. The class of 2015 saw a 61% increase in ChemE students entering as 1st year students. To date we have had four additional companies commit to interviewing our students in the fall of 2012 for hire in 2013. More are needed. This is the largest ChemE class size since the mid 1970's.

We are fortunate to have the support of our members, including three new company members in 2011. The financial support and the support of company and individual members who participate on committees are crucial to fulfilling our mission. More than 80 different individuals support the Foundation through our committee process. Your continued support will assure that our industry is staffed with top-notch UMaine engineers.

Chairman, Barbara Keer Hamilton

President, John Wolanski

NOMINATING COMMITTEE

Officers for 2011-2012

Chairman	Barbara Kerr Hamilton	Senior Consultant Industrial Energy Emerson Process Management
President	John Wolanski	Vice President of Marketing & Sales GAC Chemical Corporation
Vice President	Mark S. Cross	Senior Vice President MeadWestvaco Corporation
Vice President	Dennis Castonguay	Manufacturing Support Manager Verso Paper
Vice President	Laura Duran	UMaine Chemical Engineering Student
Vice President	Nicholas Hart	UMaine Chemical Engineering Student
Vice President	Raymond J. Heuchling	President Heuchling Group, Inc.
Vice President	Theodore D. Kennedy	Director New Product Commercialization & Trial Mgmt. Georgia-Pacific Corporation
Vice President	Greg Radney	Director Northern & Western Regions Metso Automation
Secretary	John A. Donahue	Vice President Manufacturing Sappi Fine Paper North America
Treasurer	David M. Colter	President GAC Chemical Corporation
Executive Director Assistant Secretary Assistant Treasurer	Jack Healy	University of Maine Pulp and Paper Foundation
Ex-Officio	Jeffrey C. Dutton	President & CEO Twin Rivers Paper
Counsel	Theodore S. Curtis, Jr.	Curtis Law Firm, LLC

Directors at Large

2010-2013

Brad G. Bingham	District Sales Manager - Northeast SCA North America
Dennis J. Castonguay	Manufacturing Support Manager Verso Paper
Troy Hobson	Director U. S. Pulp & Paper ABB Inc.
Brian Lambert	District Manager Nalco Company
Alan Reynolds	Smooth Finish Department Manager Huhtamaki Food Service

2011-2014

Lee Cyr	Manager-Customer Service, Production Planning Twin Rivers Paper
Luke Czarnecki	National Sales Manager Bercen Inc.
John Desjardins	New England Sales Manager Buckman
Michael Reider	Vice President Twin Rivers Paper
Tom Romundo	President New England Controls Inc.

2012-2015

Richard Arnold	President Old Town Fuel & Fiber
Marco L'Italien	Mill Manager Lincoln Paper & Tissue
Jeffrey Lancaster	Senior Process Engineer AMEC
Mark Wescott	General Manager North America Ashland Hercules Water Technology
Vaughn Wildfong	Vice President PaperChina

Standing Committee Chairs

Executive	John Wolanski	Vice President of Marketing & Sales GAC Chemical Corporation
Audit	William F. Igoe, Jr.	Technical Manager Gorham Paper & Tissue
Gifts and Bequests	Keith A. Meyer	Senior Vice President Andritz
Honor Award	Leroy J. Barry	Retired Madison Paper Industries
Investment Management	Ralph C. Keef	Retired Stora Enso North America
Membership	John Wolanski	Vice President of Marketing & Sales GAC Chemical Corporation
Nominating	Donald F. Beaumont	Senior Vice President Metso Paper USA Inc.
Open House	Albert B. Moore	Retired Buckman
Public Relations	Louis J. Boos	President Nordic Engineering
Scholarship/ Educational Relations	Jason W. Lyons	Account Manager - Northeast Region Honeywell Process Solutions
University Support	Jeffrey Hamilton	Director - Manufacturing Services Sappi Fine Paper North America

Ex Officio Directors

Norman L. Fournier	Trustee The University of Maine System
Paul W. Ferguson	President The University of Maine
Dana N. Humphrey	Dean College of Engineering The University of Maine
Hemant P. Pendse	Chair Chemical & Biological Engineering The University of Maine

INVESTMENT MANAGEMENT COMMITTEE

The Investment Management Committee invests all funds available for investment to earn a total return that provides for both current income and long-term appreciation. As with other trustees we have a duty to provide similar benefits to current and future beneficiaries. To that end our spending policy is set at 5% of a three year average of our investment's value. Many foundations are adjusting their spend rate to better match economic conditions and expected investment returns. Our committee will evaluate our spend rate and adjust while collaborating with the scholarship committee at our May meeting.

In an effort to reduce the volatility of our investments, and to also increase our total return our investments are spread over several asset classes which are not historically closely correlated. Our funds include bonds, equities, and a small proportion of illiquid assets as private capital funds. Our funds are managed by the Commonfund which is the largest manager of educational endowments in the U.S. They make strategic asset allocations within the parameters established by our committee as detailed below.

During 2011, our committee met in May and November. The committee continues to maintain a 60/40 +/- 5.0% equities to bonds investment ratio. During the year the ratio of equities to bonds was maintained by the sale of assets to raise cash to pay for scholarships. The committee maintained the equities portion of our portfolio at or near 65%.

The Foundation's 2011 total return from investments was 0.35%, vs. a benchmark of 4.69 which consists of 60% S&P 500 and 40% Barclays Capital U.S. Aggregate Bond Index. This miss of 434 basis points is disappointing, since it was primarily driven by an under performance of equities, which missed their benchmark by 635 basis points. Bonds also missed their benchmark by 121 points. Our total investments with Commonfund have underperformed the benchmark for the one, three, and five year time frames, only beating performance in the 10 year time frame by 43 basis points. The Investment Management Committee will complete a re-evaluation of Commonfund as our asset manager at our May 2012 meeting. The good news in 2011 is that our real estate investments have recovered by more than \$120,000, however this occurred only after Commonfund relinquished many properties to settle loans, and sold other assets to recover funds. We do not believe that the Realty Investors Fund will make gains significant enough to recover the initial investment of \$1,450,000.

A number of our alternate investments are nearing the end of their cycle. In 2010 we committed \$1,000,000 to Capital Partners IV, with \$415,000 remaining to be called. In 2011 we committed \$250,000 to Capital Partners V. These investments are comprised of several non-correlated asset classes which separately would not be available to us.

Although disappointed with recent performance, we continue to believe the greatest long term success in investing is based on a relatively stable asset allocation as opposed to market timing. Our diversification into alternative investments may continue with careful evaluation and as we

become convinced such actions are prudent and will reward our willingness to include illiquid investment positions in our portfolio. The performance of our funds as reported by the Commonfund is shown below.

Ralph C. Keef, Chair

Distribution of Funds in the Custody of the Investment Management Committee

Market Value	As of 31-Dec 2010	(%)	As of 31-Dec 2011	(%)
Multi Strategy Bond Fund	\$6,107,430	32.7%	\$6,759,275	37.9%
Multi Strategy Equity Fund	\$11,855,617	63.6%	\$10,145,100	56.8%
Short Term Fund	\$0	0.0%	\$0	0.0%
Total Liquid Assets	17,963,048	96.3%	16,904,375	94.7%
Private Equity III	\$34,298	0.2%	\$21,349	0.1%
Realty Investors LLC*	\$70,150	0.4%	\$156,533	0.9%
Capital Partners 1999	\$83,343	0.4%	\$60,485	0.3%
Energy Partners III	\$68,262	0.4%	\$61,336	0.3%
Capital Partners IV	\$411,471	2.2%	\$631,572	3.5%
Venture Partners III	\$18,411	0.1%	\$13,720	0.1%
Capital Partners V	\$0	0.0%	\$7,605	0.0%
Total Non-Liquid Assets	\$685,935	3.7%	\$952,600	5.3%
Total Invested Assets	\$18,648,983	100.0%	\$17,856,975	100.0%

* 06/30/11 Valuation

Performance of commonfund in 2011 (As Reported by Commonfund as of 12/31/11)

Fund	1 Year	3 Year	5 Year	10 yr
Multi Strategy Equity Fund	-4.24	13.68	0.26	4.39
Benchmark S&P 500	2.11	14.11	-0.25	2.92
Total Equity	-4.24	13.68	0.26	4.39
Multi Strategy Bond Fund	6.63	10.6	6.21	6.73
Benchmark Barclays Capital Bond Index	7.84	6.77	6.5	5.78
Total Fixed Income	6.63	10.6	6.21	6.73
Capital Partners 1999	7.91	4.76	7.84	6.22
Capital Partners IV	14.52	0.12	n/a	n/a
Energy Partners III	12.86	0.81	10.20	25.20
Private Equity Partners III	2.59	-1.34	3.61	6.29
Venture Partners III	15.89	4.07	9.77	8.62
Realty Investors LLC*	0	-68.03	-49.41	-24.30
Capital Partners V	n/a	n/a	n/a	n/a

Note: Private capital lags the equity market by 3-6 months.

* Realty investor LLC numbers reflect 6/30/11 valuation

Performance of the Pulp and Paper Foundation investments in 2011(Reported by Commonfund)

	1 Year	3 Year	5 Year	10 year
Pulp and Paper Foundation Total Return (net of fees)	0.35	9.83	1.37	4.83
Weighted Composite Benchmark 60% S&P, 40% Barclays	4.69	11.60	2.84	4.40

TREASURER'S REPORT

The financial results of the Foundation for 2011 showed good control of expenses, improved contributions vs. 2010, however contributions are still behind budget targets. Key areas to note are detailed below.

- Membership revenue experienced a modest increase compared to 2010 results, but still short of the budget. An interesting fact is noted when you review the membership categories, all areas but the Company Member category increased over the prior year. This is not surprising given economic conditions causing companies to scrutinize all expenditures.
- Investment Income was on plan with 2011 expected to be at the low point of the three year 5% average.
- Scholarships awarded held steady and on target at approximately \$750,000 for 2011 compared to the prior year. The higher level is reflective of the three primary factors noted in previous year reports. There are more students in the program, scholarships now reflect a four year expenditure, and tuition costs continue to rise at levels above general inflation.
- Total University Support expenses for the year were at budget but significantly lower than the prior year due to Calder Professor, faculty stipends, graduate stipends, and department support expenses being pushed to 2012.
- Foundation Operation expenditures decreased approximately 5% compared to 2010 results. The slight increase over budgeted expenditures was due to aggressive estimates as a result of the projected operating loss for 2011.
- Total operating activities were exactly on budget at 0.1% under budget. The planned operating deficit of (\$78,000) was actually (\$100,000) due primarily to a miss of \$24,000 in individual and company (membership) income. The board is prepared to be proactive in their efforts to address the revenue shortfalls and reduce expenditures, yet still meet our mission.
- A complete audit report of financial activity for 2011 follows this report.

David Colter, Treasurer

macdonaldpage & co LLC

Certified Public Accountants and Management Advisors

Independent Auditors' Report

To the Executive Committee and Directors of
The University of Maine Pulp and Paper Foundation
Orono, Maine

We have audited the accompanying statements of financial position of The University of Maine Pulp and Paper Foundation (the Foundation) as of December 31, 2011 and 2010, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2011 and 2010 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits for the years ended December 31, 2011 and 2010 were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedules 1 and 2 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Macdonald Page & Co LLC

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March 22, 2012

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Statements of Financial Position

December 31,

	2011	2010
ASSETS		
Cash	\$ 72,908	\$ 58,141
Investment income receivable	104,016	106,789
Investments	<u>17,856,975</u>	<u>18,648,982</u>
Total Assets	<u>\$ 18,033,899</u>	<u>\$ 18,813,912</u>
NET ASSETS		
Net Assets:		
Unrestricted:		
Undesignated	\$ 3,863,196	\$ 4,194,372
Designated - Soderberg Research Fund	<u>1,538,179</u>	<u>1,546,665</u>
Total unrestricted	<u>5,401,375</u>	<u>5,741,037</u>
Temporarily restricted	1,770,165	2,266,663
Permanently restricted	<u>10,862,359</u>	<u>10,806,212</u>
Total Net Assets	<u>\$ 18,033,899</u>	<u>\$ 18,813,912</u>

The accompanying notes are an integral part of these financial statements.

Statements of Activities

Year Ended December 31, 2011
(with comparative totals for 2010)

	Unrestricted		Soderberg		Total		Total	
	Undesignated	Research Fund	Undesignated	Research Fund	Unrestricted	Restricted	Unrestricted	Restricted
Operating Support and Revenue:								
Contributions	\$ 151,516				\$ 151,516		\$ 56,147	\$ 31,224
Memberships								138,490
Investment income designated for operations	800,287	\$ 71,319			871,606			
Other income, net	1,275				1,275			965,515
Total Operating Support and Revenue	953,078	71,319			1,024,397		56,147	316
								1,135,545
Expenses:								
Program Services:								
Scholarships	751,648				751,648		751,648	742,672
University support	42,281	20,000			62,281		62,281	158,111
	793,929	20,000			813,929		813,929	900,783
Support Services:								
Foundation operations	276,198				276,198		276,198	307,563
Fundraising	37,663				37,663		37,663	20,000
Total Expenses	1,107,790	20,000			1,127,790		1,127,790	1,228,346
Change in Net Assets From Operations	(154,712)	51,319			(103,393)		(47,246)	(92,801)
Investment Income	29,999	11,514			41,513	\$ 97,326	138,839	1,763,588
Assets Released From Restriction	593,824	(71,319)			522,505	(593,824)		
Amounts Designated for Operations	(800,287)				(800,287)		(871,606)	(965,515)
Change in Net Assets	(331,176)	(8,486)			(339,662)	(496,498)	(780,013)	705,272
Net Assets, Beginning of Year	4,194,372	1,546,665			5,741,037	2,266,663	18,813,912	18,108,640
Net Assets, End of Year	\$ 3,863,196	\$ 1,538,179			\$ 5,401,375	\$ 1,770,165	\$ 10,862,359	\$ 18,813,912

The accompanying notes are an integral part of these financial statements.

Statement of Activities

Year Ended December 31, 2010

	Undesignated	Unrestricted Soderberg Research Fund	Total Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating Support and Revenue:						
Contributions	\$ 138,490		\$ 138,490		\$ 31,224	\$ 31,224
Memberships						138,490
Investment income designated for operations	884,081	\$ 81,434	965,515			965,515
Other income, net	942		942			942
Total Operating Support and Revenue	1,023,513	81,434	1,104,947		31,224	1,136,171
Expenses:						
Program Services:						
Scholarships	742,672		742,672			742,672
University support	76,677	81,434	158,111			158,111
	819,349	81,434	900,783			900,783
Support Services:						
Foundation operations	307,563		307,563			307,563
Fundraising	20,000		20,000			20,000
Total Expenses	1,146,912	81,434	1,228,346			1,228,346
Change in Net Assets From Operations	(123,399)		(123,399)		31,224	(92,175)
Investment Income	397,097	145,467	542,564	\$ 1,220,398		1,762,962
Assets Released From Restriction	617,285		617,285	(617,285)		
Amounts Designated for Operations	(884,081)	(81,434)	(965,515)			(965,515)
Change in Net Assets	6,902	64,033	70,935	603,113	31,224	705,272
Net Assets, Beginning of Year	4,187,470	1,482,632	5,670,102	1,663,550	10,774,988	18,108,640
Net Assets, End of Year	\$ 4,194,372	\$ 1,546,665	\$ 5,741,037	\$ 2,266,663	\$ 10,806,212	\$ 18,813,912

The accompanying notes are an integral part of these financial statements.

Statements of Cash Flows

Years Ended December 31,

	2011	2010
Cash flows from operating activities:		
Change in net assets	\$ (780,013)	\$ 705,272
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Permanently restricted contributions	(56,147)	(31,224)
Losses (gains) on investments	206,938	(1,413,358)
Increase (decrease) in investment income receivable	2,773	(383)
Net cash used by operating activities	<u>(626,449)</u>	<u>(739,693)</u>
Cash flows from investing activities:		
Proceeds from sale of investments	1,255,694	1,448,905
Purchase of investments	(670,625)	(720,250)
Net cash provided by investing activities	<u>585,069</u>	<u>728,655</u>
Cash flows from financing activities:		
Proceeds from contributions restricted for:		
Proceeds from permanently restricted contributions	56,147	31,224
Net cash provided by financing activities	<u>56,147</u>	<u>31,224</u>
Net increase in cash	14,767	20,186
Cash at beginning of the year	<u>58,141</u>	<u>37,955</u>
Cash at end of the year	<u>\$ 72,908</u>	<u>\$ 58,141</u>

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

December 31, 2011 and 2010

NOTE 1 – NATURE OF THE BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Organization

The University of Maine Pulp and Paper Foundation (the Foundation) is a not-for-profit corporation organized to further the study and promotion of pulp and paper and related subjects at the University of Maine and to encourage students to consider paper related technical careers.

Basis of Accounting

The accounts of the Foundation are maintained under the accrual basis of accounting. The net assets of the Foundation are reported as follows:

Unrestricted Net Assets

Unrestricted net assets represent unrestricted resources over which the Board of Directors retains full control to accomplish any of the Foundation's stated purposes. The Board of Directors has designated certain monies to support research activities, classified under the Soderberg Research Fund.

Temporarily Restricted Net Assets

Temporarily restricted net assets represent the unexpended income, including realized and unrealized gains and losses on investments, earned on certain classes of Endowment Funds which may only be utilized in accordance with the purpose established by the donors of the related Endowment Funds.

Permanently Restricted Net Assets

Permanently restricted net assets represent Endowment Funds that are subject to the restrictions of the gift instruments requiring that the principal be invested in perpetuity and that income only be utilized, generally for scholarships.

Investments

Investments are carried at fair value. Investments consist primarily of units purchased in funds managed by the Commonfund, an investment management company for universities and foundations, and are valued as of year-end as quoted by the Commonfund. The Foundation utilized the net asset value (NAV) reported by each of the alternative investment funds as a practical expedient for determining the fair value of the investment. These investments are redeemable at NAV under the original terms of the subscription agreements and operations of the underlying funds. However, it is possible that these redemption rights may be restricted or eliminated by the funds in the future in accordance with the underlying fund agreements.

Investments also include interests in limited partnerships and a limited liability company (LLC). Private Equity Partners III, Venture Partners III, Energy Partners III, Capital Partners 1999, Capital Partners IV, and Capital Partners V are carried at estimated fair value as determined by the general partners. Those estimated values may differ significantly from values that would have been used had a ready market for the investments existed. Realty Investors LLC is carried at estimated fair value and is valued annually primarily through an appraisal of properties owned. For Realty Investors LLC the reported fair values as of December 31, 2011 and 2010 are based on the June 30, 2011 and March 31, 2010 values, respectively. For all other limited partnerships, the reported fair values as of December 31, 2011 and 2010 are based on the September 30, 2011 and 2010 values, respectively, updated for contributions and withdrawals through December 31st.

Notes to Financial Statements

December 31, 2011 and 2010

NOTE 1 – NATURE OF THE BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Contributions

Contributions are recorded at their fair value on the date the donor makes a gift or a firm promise to give to the Foundation.

Investment Income

Investment income, including realized and unrealized gains/losses, is recorded net of management fees. Effective July 1, 2009, the State of Maine adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Foundation has interpreted State of Maine law as requiring the preservation of the value of the original gift of the donor-restricted endowment fund absent explicit donor stipulations to the contrary.

Appreciation on investments of permanently restricted funds is considered temporarily restricted until appropriated by the Foundation's Board unless otherwise indicated in the gift instrument. The gift instruments provide in general, that income in excess of amounts awarded as scholarships be added to the principal of each Endowment Fund for individual endowments with an end of the year value greater than \$50,000 (USA Scholars Funds). Income in excess of amounts awarded as scholarships is classified as temporarily restricted for individual Endowment Funds with an end of the year value less than \$50,000 but greater than \$10,000 (Named Scholarships). All income earned in Endowment Funds with an end of the year value of less than \$10,000 (Other Endowment Funds) is added to principal. Income from investments that are not donor restricted is recorded as unrestricted.

When the market value of permanently restricted assets is less than the original corpus, the deficiency is used to reduce temporarily restricted assets to the extent of previously recorded appreciation, and then as a reduction of unrestricted net assets. There are no endowment funds whose market value was less than the original corpus for the years ended 2011 and 2010.

The Foundation designates only a portion of investment income, including realized and unrealized gains/losses, to be used for operations. The maximum amount of annual investment income that may be designated for operations is determined by a spending formula, which is set at 5% of the average of the investment market values, excluding certain funds, as of the three previous years. For 2011, this amount was based on the values at December 31, 2008, December 31, 2009 and September 30, 2010. The remainder of investment income, including realized and unrealized gains/losses, is excluded from operations.

Investment Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified purpose as well as unrestricted funds. Under this policy, the endowment assets are invested in a manner that is intended to produce this result while minimizing investment risk.

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

Notes to Financial Statements

December 31, 2011 and 2010

NOTE 1 – NATURE OF THE BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Risks and Uncertainties

The Foundation invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position or activities.

Income Taxes

The Foundation is a tax exempt organization under Section 501(c)(3) of the Internal Revenue Code, and accordingly, no provision for state or federal income taxes has been made in the accompanying financial statements. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Foundation is currently open to audit under the statute of limitations by the Internal Revenue Service and state taxing authorities for the years ending December 31, 2008 through 2011.

NOTE 2 – INVESTMENTS

As of December 31, 2011, investments are comprised of the following:

	Cost Basis	Fair Value	Fair Value (Under) Over Cost
Commonfund:			
Multi Strategy Bond Fund	\$ 6,204,929	\$ 6,759,275	\$ 554,346
Multi Strategy Equity Fund	9,192,335	10,145,100	952,765
Total Commonfund	15,397,264	16,904,375	1,507,111
Limited Partnerships and LLC:			
Private Equity Partners III	58,150	21,349	(36,801)
Venture Partners III	64,239	13,720	(50,519)
Energy Partners III		61,336	61,336
Capital Partners 1999	73,653	60,485	(13,168)
Capital Partners IV	559,826	631,572	71,746
Capital Partners V	8,750	7,605	(1,145)
Realty Investors LLC	1,294,752	156,533	(1,138,219)
Total Limited Partnerships and LLC	2,059,370	952,600	(1,106,770)
Total Investments	\$ 17,456,634	\$ 17,856,975	\$ 400,341

Notes to Financial Statements

December 31, 2011 and 2010

NOTE 2 – INVESTMENTS – CONTINUED

As of December 31, 2010, investments are comprised of the following:

	Cost Basis	Fair Value	Fair Value (Under) Over Cost
Commonfund:			
Multi Strategy Bond Fund	\$ 5,721,568	\$ 6,107,430	\$ 385,862
Multi Strategy Equity Fund	10,184,293	11,855,617	1,671,324
Total Commonfund	<u>15,905,861</u>	<u>17,963,047</u>	<u>2,057,186</u>
Limited Partnerships and LLC:			
Private Equity Partners III	72,780	34,298	(38,482)
Venture Partners III	71,928	18,411	(53,517)
Energy Partners III	13,186	68,262	55,076
Capital Partners 1999	103,996	83,343	(20,653)
Capital Partners IV	399,826	411,471	11,645
Realty Investors LLC	1,294,752	70,150	(1,224,602)
Total Limited Partnerships and LLC	<u>1,956,468</u>	<u>685,935</u>	<u>(1,270,533)</u>
Total Investments	<u>\$17,862,329</u>	<u>\$ 18,648,982</u>	<u>\$ 786,653</u>

The following schedule summarizes investment income and its classification in the statement of activities for 2011:

	Undesignated	Soderberg Research Fund	Total Undesignated	Temporarily Restricted	Permanently Restricted	Total
Dividends and interest	\$ 86,656	\$ 33,262	\$ 119,918	\$ 281,140	\$ -	\$ 401,058
Net realized and unrealized losses	(44,713)	(17,163)	(61,876)	(145,063)		(206,939)
Investment management fees	(11,944)	(4,585)	(16,529)	(38,751)		(55,280)
Total investment income	29,999	11,514	41,513	97,326		138,839
Investment income designated for operations	(206,463)	(71,319)	(277,782)	(593,824)		(871,606)
Investment income deficient of amounts designated for operations	<u>\$ (176,464)</u>	<u>\$ (59,805)</u>	<u>\$ (236,269)</u>	<u>\$ (496,498)</u>	<u>\$ -</u>	<u>\$ (732,767)</u>

Notes to Financial Statements

December 31, 2011 and 2010

NOTE 2 – INVESTMENTS – CONTINUED

The following schedule summarizes investment income and its classification in the statement of activities for 2010:

	Undesignated	Soderberg Research Fund	Total Undesignated	Temporarily Restricted	Permanently Restricted	Total
Dividends and interest	\$ 90,970	\$ 33,325	\$ 124,295	\$ 279,578	\$ -	\$ 403,873
Net realized and unrealized gains	318,351	116,620	434,971	978,387		1,413,358
Investment management fees	(12,224)	(4,478)	(16,702)	(37,567)		(54,269)
Total investment income	397,097	145,467	542,564	1,220,398		1,762,962
Investment income designated for operations	(262,081)	(81,434)	(343,515)	(622,000)		(965,515)
Investment income in excess of amounts designated for operations	<u>\$ 135,016</u>	<u>\$ 64,033</u>	<u>\$ 199,049</u>	<u>\$ 598,398</u>	<u>\$ -</u>	<u>\$ 797,447</u>

The following summarizes the Foundation's endowment funds, by net asset category as of December 31. The unrestricted amounts are board designated and the temporarily and permanently restricted amounts are donor restricted.

	2011	2010
Unrestricted	\$ 1,538,179	\$ 1,546,665
Temporarily restricted	1,770,165	2,266,663
Permanently restricted	10,862,359	10,806,212
	<u>\$ 14,170,703</u>	<u>\$ 14,619,540</u>

The changes in the Foundation's endowment funds by net asset category for the year ended December 31, 2011 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment funds, January 1, 2011	\$ 1,546,665	\$ 2,266,663	\$ 10,806,212	\$14,619,540
Dividends and interest	33,262	281,140		314,402
Net depreciation in fair value	(17,163)	(145,063)		(162,226)
Investment management fees	(4,585)	(38,751)		(43,336)
Additions			56,147	56,147
Appropriation for expenditure	(20,000)	(593,824)		(613,824)
Endowment funds, December 31, 2011	<u>\$ 1,538,179</u>	<u>\$ 1,770,165</u>	<u>\$ 10,862,359</u>	<u>\$14,170,703</u>

Notes to Financial Statements

December 31, 2011 and 2010

NOTE 2 – INVESTMENTS – CONTINUED

The changes in the Foundation's endowment funds by net asset category for the year ended December 31, 2010 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment funds, January 1, 2010	\$1,482,632	\$1,663,550	\$10,774,988	\$13,921,170
Dividends and interest	33,325	279,578		312,903
Net appreciation in fair value	116,620	978,387		1,095,007
Investment management fees	(4,478)	(37,567)		(42,045)
Additions			31,224	31,224
Appropriation for expenditure	(81,434)	(622,000)		(703,434)
Other		4,715		4,715
Endowment funds, December 31, 2010	<u>\$1,546,665</u>	<u>\$2,266,663</u>	<u>\$10,806,212</u>	<u>\$14,619,540</u>

NOTE 3 – SCHOLARSHIP AWARD COMMITMENTS

The Foundation's scholarships are granted on an academic year basis with payments made primarily in January, June and September based upon the recipients' course registration. As of December 31, 2011, approximately \$360,000 in scholarships were anticipated for disbursement in January 2012, subject to students complying with the terms of the scholarship.

The Foundation has commitments to assist the recipients of the Bailey Fund award with certain student loans after their graduation. The awards are contingent upon the students meeting requirements regarding their employment. The total amount committed at December 31, 2011 is approximately \$13,300.

NOTE 4 – COMMITMENTS AND CONTINGENCIES

Limited Partnerships - The Foundation has investments in Energy Partners III, Capital Partners IV, and Capital Partners V that have anticipated future cash commitments of approximately \$18,400, \$395,000, and \$241,250, respectively, at December 31, 2011. Additionally, the limited partnership and LLC investments have various withdrawal restrictions which limit the Foundation's ability to liquidate its investment in these entities. Capital Partners IV does not allow withdrawal except under certain limited circumstances. Realty Investors LLC allows investors during September of each year to request fund redemptions up to 20% of units they have owned for at least five years. Redemptions are paid at the end of the subsequent calendar year at the net asset value on the redemption date. Redemptions are at the discretion of the fund managers. Management does not believe that redemptions would be approved under current circumstances at Realty Investors LLC.

NOTE 5 – RELATED PARTY TRANSACTIONS

The Foundation is a party to a management agreement with the University of Maine. The management agreement specifies that the University will provide offices, and specified benefits paid for in full by the Foundation, and that the Foundation pay personnel directly. This agreement was entered into in December 2007, and continues indefinitely with 180 day notice by either party. During 2011 and 2010, the Foundation paid approximately \$38,000 and \$37,000, respectively, for services provided under the agreement.

Notes to Financial Statements

December 31, 2011 and 2010

NOTE 6 – FAIR VALUE DISCLOSURES

Fair Value Measurements

The Foundation has adopted a framework for measuring fair value under generally accepted accounting principles for all financial instruments that are being measured and reported on a fair value basis. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

In determining fair value, the Foundation uses various methods including market, income and cost approaches. Based on these approaches, the Foundation often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Foundation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques the Foundation is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 — Valuations based on quoted prices in active markets for identical assets or liabilities. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 — Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

Level 3 — Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

In determining the appropriate levels, the Foundation performs an analysis of the assets and liabilities that are subject to fair value measurements. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

Fair Value on a Recurring Basis

The table below presents the balances of assets and liabilities measured at fair value on a recurring basis as of:

	Total	Level 1	Level 2	Level 3
December 31, 2011				
Multi-Strategy Funds	\$ 16,904,375	\$ -	\$ 16,904,375	\$ -
Limited Partnerships	952,600			952,600
	<u>\$ 17,856,975</u>	<u>\$ -</u>	<u>\$ 16,904,375</u>	<u>\$ 952,600</u>
December 31, 2010				
Multi-Strategy Funds	\$ 17,963,047	\$ -	\$ 17,963,047	\$ -
Limited Partnerships	685,935			685,935
	<u>\$ 18,648,982</u>	<u>\$ -</u>	<u>\$ 17,963,047</u>	<u>\$ 685,935</u>

Notes to Financial Statements

December 31, 2011 and 2010

NOTE 6 – FAIR VALUE DISCLOSURES – CONTINUED

For Level 3 items, a reconciliation of the beginning and ending balances is required and follows as of December 31, 2011 and 2010:

Balance, January 1, 2010	\$ 830,622
Change in unrealized losses	(267,335)
Realized gains	38,471
Total gains (losses) included in changes in net assets	(228,864)
Net purchases	84,177
Balance, December 31, 2010	\$ 685,935
Balance, January 1, 2011	\$ 685,935
Change in unrealized gains	130,048
Realized gains	36,407
Total gains included in changes in net assets	166,455
Net purchases	100,210
Balance, December 31, 2011	\$ 952,600

The Limited Partnership and LLC investments do not trade in an active, open market with readily observable prices. The fair values are estimated based upon real estate appraisals and discounted cash flow models that incorporate various assumptions in discount rates and timing of payments. Due to the nature of the valuation inputs, these investments are classified within Level 3 of the valuation hierarchy.

NOTE 7 – SUBSEQUENT EVENTS

Management of the Foundation has evaluated subsequent events through the date of the auditors' report, which is the date these financial statements were available to be issued and determined that any subsequent events that would require recognition or disclosure have been considered in the preparation of the financial statements.

Schedules of Memberships and Operating Expenses For Unrestricted Funds

December 31,

2011

2010

MEMBERSHIPS

Foundation sponsor	\$ 19,000	\$ 16,500
Scholarship underwriters	53,000	48,500
Company members	45,800	47,725
Special Gift members	7,900	4,850
Individual members	24,862	20,415
Matching gifts	954	500

Total Memberships

\$ 151,516	\$ 138,490
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OPERATING EXPENSES

Scholarships	\$ 751,648	\$ 742,672
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University Support:

Pulp and Paper Foundation professor	10,000	15,000
Calder professor		15,000
Department support		16,535
Summer co-op teaching	10,000	15,436
Graduate stipends		44,914
Bailey grants	1,667	1,667
Educational relations	40,242	41,922
Chinn Seminars	372	2,637
Faculty stipend (Soderberg)		5,000

Total University Support

62,281	158,111
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Support Services:

Public information	12,561	7,816
Foundation office expenses	252,346	254,560
Legal counsel, accounting and consultant	21,350	37,387
Miscellaneous	27,604	27,800

Total Foundation Operations

313,861	327,563
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Total Operating Expenses

\$ 1,127,790	\$ 1,228,346
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See independent auditors' report.

Schedule of Contributions - Endowment Fund**Year Ended December 31, 2011****Gifts to Increase USA Scholars Funds:**

Barrett, Mark D.	\$ 8,044
Cross, Ray H.	2,242
Emery, Sr., Phillip H.	1,000
Grindle, Michael E.	760
Perry Family	500
	<u>12,546</u>

Gifts to Increase Named Scholarships:

Barker, Elliott R.	1,000
Boos, Louis J.	2,000
Crossland, Charles E.	700
Curtis Law Scholarship	2,800
Davidson Family	1,000
Dolloff, Richard and Erdine B.	1,000
Harmon, Evelyn W	250
Healy, John, Sr.	99
LaHaise, Thomas F., Jr.	250
Paper Chase	775
Sleight, Ina and Earland	10,000
Stoess, Henry A.	1,837
Touchette, Joseph W.	3,541
	<u>25,252</u>

Gifts to Establish Named Scholarships:

Bowden Family	<u>11,000</u>
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Gifts to Increase Endowment Funds:

Beaumont Family	500
Class of 1999	2,500
Kerr, Ethyl G.	2,900
Lyons Family	600
Moore, Albert	599
Paine, Arnold	250
	<u>7,349</u>

Total Additions to Fund

\$ 56,147

See independent auditors' report.

THE UNIVERSITY OF MAINE PULP AND PAPER FOUNDATION

SCHEDULE OF ENDOWMENT FUND BALANCES

Year Ended December 31, 2011
(With Comparative Value Figures for 2010)

ENDOWMENT FUND

	Original Contributions Through 2011	Fund Balance Value 2010	Fund Balance Value 2011
Donors Funds:			
Joachim, Herman L.	\$885,836	\$885,836	\$885,836
Lewis, John and Lucille	\$543,959	\$543,959	\$543,959
Soderberg Donors Fund	\$1,000,000	\$1,000,000	\$1,000,000
USA Scholars Funds:			
Ahara, E. Victor	\$41,061	\$67,089	\$64,423
Baldwin-Harvey	\$49,810	\$107,758	\$103,476
Barrett, Mark D.	\$88,260	\$92,625	\$96,988
Bearce, George D.	\$12,315	\$64,223	\$61,671
Beckler, Warren B., Jr.	\$10,069	\$59,498	\$57,134
Benedetto, Joseph A.	\$10,169	\$59,822	\$57,445
Bird Companies	\$10,783	\$58,576	\$56,249
Bolton, Philip S.	\$12,043	\$62,309	\$59,833
Bossen Family	\$11,855	\$68,185	\$65,475
Bryand, Edward T.	\$10,264	\$56,580	\$54,331
Buchanan, William E.	\$10,369	\$55,447	\$53,244
Callighan, Mae Munter	\$11,334	\$59,816	\$57,439
Callighan, Olin W	\$10,316	\$58,873	\$56,533
Cameron, James A	\$10,369	\$61,943	\$59,481
Chisholm Family	\$10,369	\$62,448	\$59,966
Cianchette Brothers	\$50,340	\$59,869	\$57,489
Clapp II, Eugene H.	\$45,000	\$53,518	\$51,391
Clapp, Sarah, L.	\$11,369	\$61,768	\$59,313
Class of 1952 - 5th Year Alumni	\$10,068	\$58,933	\$56,591
Copeland, Stuart B.	\$14,574	\$79,495	\$76,336
Correll, Elizabeth F.	\$38,200	\$60,120	\$57,731
Creamer, Walter J.	\$10,000	\$43,530	\$41,800
Cross, Ray H.	\$32,286	\$71,267	\$70,677
Crump, James G.	\$209,924	\$355,880	\$341,737
Dahl, Knud	\$168,520	\$598,949	\$575,147
Dahl, Knut/Johan Richter	\$98,740	\$389,906	\$374,412
Dauman, Samuel	\$10,209	\$60,879	\$58,460
Desmond, Clair R.	\$12,318	\$65,328	\$62,732
Emery, Sr., Philip H.	\$32,605	\$80,388	\$78,194
Fales, Otis G.	\$10,369	\$60,732	\$58,318
Ferguson Jr., Roy K.	\$166,511	\$688,054	\$660,711

THE UNIVERSITY OF MAINE PULP AND PAPER FOUNDATION

SCHEDULE OF ENDOWMENT FUND BALANCES

Year Ended December 31, 2011
(With Comparative Value Figures for 2010)

ENDOWMENT FUND

	Original Contributions Through 2011	Fund Balance Value 2010	Fund Balance Value 2011
USA Scholars Funds (continued):			
Frost, Frederick H.	\$11,104	\$66,839	\$64,183
Gardiner, Frank J.	\$10,259	\$57,979	\$55,675
Gardner, Angus J.	\$10,469	\$60,187	\$57,795
Gilman, Isaac and Charles	\$10,001	\$65,030	\$62,446
Glatfelter, III, P.H.	\$10,000	\$50,686	\$48,672
Gottesman, D. Samuel	\$10,259	\$53,732	\$51,597
Graham, Edward M.	\$13,607	\$72,165	\$69,297
Great Northern Paper Co.	\$18,222	\$95,010	\$91,234
Greenlaw, Edward P.	\$55,393	\$103,017	\$98,923
Greep, Abel A. and Adelaide S.	\$10,692	\$64,912	\$62,332
Grindle, Michael E.	\$37,150	\$56,762	\$55,267
Haskell, Robert N.	\$57,297	\$144,561	\$138,817
Heuer, John H.	\$17,434	\$89,064	\$85,524
Hodgdon, Paul E.	\$10,929	\$61,819	\$59,362
Holden, Harold	\$11,369	\$61,107	\$58,678
Huyck Scholarship, The	\$12,415	\$62,363	\$59,885
Ingalls, Everett P.	\$10,393	\$65,729	\$63,117
Jacobs, Mike	\$10,083	\$54,575	\$52,407
Jenness, Lyle C.	\$12,610	\$64,752	\$62,179
Joachim, Herman L.	\$109,478	\$218,900	\$210,201
Jones, Thomas Phelps	\$36,671	\$78,139	\$75,034
Jordan, Edward C.	\$10,283	\$55,488	\$53,283
Juckett, J. Walter	\$116,089	\$463,590	\$445,167
Keef, Joseph E.	\$15,500	\$48,526	\$46,597
Koplik, Perry H.	\$10,741	\$57,768	\$55,472
Kraske Family	\$50,466	\$60,018	\$57,633
Kraske, William H.	\$44,215	\$114,392	\$109,846
Mansfield, Everett Keith	\$11,470	\$64,645	\$62,076
Marquis, John F.	\$72,246	\$115,761	\$111,161
Marquis, Maida B.	\$69,747	\$111,638	\$107,202
Marshall Jr., Stanley N.	\$52,823	\$91,138	\$87,516
Masterman Family	\$23,450	\$73,726	\$70,796
McDonald, Manuel C.	\$11,397	\$69,005	\$66,263
McDonald, Manuel C.	\$16,899	\$86,808	\$83,359
Metcalfe, William K.	\$17,195	\$84,170	\$80,825
Morrison, Franck P.	\$10,000	\$49,958	\$47,972
Morton, Hugh H.	\$195,986	\$257,240	\$247,018
Murchison, David C.	\$10,003	\$56,106	\$53,876

THE UNIVERSITY OF MAINE PULP AND PAPER FOUNDATION

SCHEDULE OF ENDOWMENT FUND BALANCES

Year Ended December 31, 2011
(With Comparative Value Figures for 2010)

ENDOWMENT FUND

	Original Contributions Through 2011	Fund Balance Value 2010	Fund Balance Value 2011
USA Scholars Funds (continued):			
Neese, Sr, Elbert H.	\$10,069	\$60,758	\$58,343
Northeast Division of PIMA	\$10,283	\$57,628	\$55,338
Ober, J. Larcom	\$10,321	\$60,323	\$57,926
Olmstead, Jr., George	\$11,514	\$68,182	\$65,472
Pearson, Jr., Francis E.	\$10,535	\$59,015	\$56,670
Pennings, Charles F.	\$15,008	\$59,657	\$57,286
Perry Family	\$66,347	\$119,850	\$115,587
Recor, Kip	\$11,313	\$57,020	\$54,754
Renegar, Glen T.	\$10,369	\$59,470	\$57,107
Riegel, Margaret Murchie	\$11,755	\$63,085	\$60,578
Roosevelt Paper	\$15,000	\$48,231	\$46,314
Rourke, Floyd H.	\$59,448	\$128,716	\$123,600
Rouse, John W.	\$10,000	\$51,301	\$49,262
Sanborn, James L.	\$36,832	\$74,287	\$71,335
Sargent, Viola R.	\$24,269	\$101,537	\$97,502
Schmidt, William C. & William Jr.	\$11,152	\$65,971	\$63,349
Sheldon, Benjamin I.	\$10,069	\$59,972	\$57,588
Soderberg, Elizabeth F.	\$22,904	\$96,508	\$92,672
Soderberg, Elvah L.	\$20,218	\$98,782	\$94,857
Soderberg, Frederic A.	\$22,596	\$93,136	\$89,435
TAPPI/Maine-New Hampshire	\$22,756	\$89,824	\$86,255
Texo/Louis Lerner	\$10,000	\$45,235	\$43,438
Trelfa, Fred R.	\$25,567	\$113,765	\$109,244
Union Camp Corporation	\$10,016	\$60,818	\$58,401
Uong, D. Diek	\$15,212	\$75,031	\$72,049
Wadsworth, Harry F.	\$10,888	\$58,057	\$55,750
Wallach, Ira D.	\$10,751	\$56,467	\$54,223
Wallach, James and Kenneth	\$95,927	\$324,816	\$311,908
Wallach, James G.	\$53,200	\$73,327	\$70,413
Ward, Eugene J.	\$10,000	\$50,177	\$48,183
Wilkins, Ralph A.	\$10,192	\$66,631	\$63,983
Subtotal	\$3,129,269	\$9,788,692	\$9,412,235
Named Scholarships:			
1996 Open House	\$10,000	\$14,968	\$14,373
Abbott, Warren A.	\$10,909	\$40,929	\$39,302
Aiken, Paul & Evelyn	\$10,200	\$28,105	\$26,988

THE UNIVERSITY OF MAINE PULP AND PAPER FOUNDATION

SCHEDULE OF ENDOWMENT FUND BALANCES

Year Ended December 31, 2011
(With Comparative Value Figures for 2010)

ENDOWMENT FUND

	Original Contributions Through 2011	Fund Balance Value 2010	Fund Balance Value 2011
Named Scholarships (continued):			
Akeley, Leon F.	\$10,100	\$13,015	\$12,498
Baker, Phil & Ginny	\$10,000	\$11,893	\$11,420
Barker, Elliott R.	\$18,000	\$35,269	\$34,867
Barry, Leroy J. (Roy)	\$10,648	\$12,664	\$12,161
Betz Laboratories	\$10,000	\$24,852	\$23,864
Bingham, Leroy M.	\$13,200	\$15,699	\$15,075
Bockus, Clayton T.	\$10,225	\$41,288	\$39,647
Boos, Louis J.	\$19,136	\$19,598	\$20,819
Boston Paper Trade Association	\$10,000	\$24,852	\$23,864
Boutin, Delano L.	\$18,068	\$38,626	\$37,091
Bowden Family Scholarship	\$11,000	\$0	\$11,000
Buckman Laboratories	\$10,000	\$13,015	\$12,498
Burke, James L.	\$10,000	\$11,982	\$11,506
Butler Family	\$10,000	\$11,893	\$11,420
Caddoo, William H.	\$10,000	\$11,893	\$11,420
Carlstorm, Edwin C.	\$4,306	\$9,197	\$8,831
Chase, Andrew J.	\$25,000	\$29,732	\$28,551
Chase, Jane Gray Hunley	\$19,193	\$39,027	\$37,476
Chinn, Friends of Jack E	\$11,305	\$13,445	\$12,911
Chinn, Jack E	\$10,000	\$11,893	\$11,420
Cianchette, Alton E. (Chuck)	\$22,800	\$27,116	\$26,038
Clarke, Neil G.	\$20,000	\$28,519	\$27,386
Class of 1937	\$10,000	\$26,026	\$24,992
Class of 1945	\$10,000	\$15,679	\$15,056
Class of 1955	\$10,464	\$28,924	\$27,775
Cross, Mark and Melanie	\$11,268	\$13,207	\$12,682
Crossland, Charles E.	\$24,080	\$40,289	\$39,388
Curtis, Ted and Rose Marie	\$13,250	\$12,486	\$14,790
Davidson, Family	\$20,742	\$23,147	\$23,227
Davis, Roy L.	\$16,715	\$39,386	\$37,821
Dolloff, Richard and Erdine B.	\$17,973	\$36,268	\$35,827
Du Pont Titanium Dioxide	\$10,000	\$26,026	\$24,992
Flaherty, Joseph V.	\$10,000	\$14,968	\$14,373
Genco, Helen Horner	\$11,000	\$12,893	\$12,380
Gledhill, Ada M.	\$30,171	\$39,141	\$37,585
Glomb, John W.	\$10,700	\$16,427	\$15,775
Grant Family, The	\$10,219	\$26,596	\$25,539
Haber, Jr., Peter	\$10,000	\$18,932	\$18,180

THE UNIVERSITY OF MAINE PULP AND PAPER FOUNDATION

SCHEDULE OF ENDOWMENT FUND BALANCES

Year Ended December 31, 2011
(With Comparative Value Figures for 2010)

ENDOWMENT FUND

	Original Contributions Through 2011	Fund Balance Value 2010	Fund Balance Value 2011
Named Scholarships (continued):			
Hale, David and Marion Young	\$14,582	\$17,342	\$16,653
Hall, M. Bradford	\$16,581	\$30,739	\$29,518
Hannigan Family	\$11,735	\$27,226	\$26,144
Hans, Lois V.	\$5,500	\$24,855	\$23,867
Harmon, Evelyn W.	\$11,400	\$13,170	\$12,897
Hart, Peter W.	\$14,000	\$16,461	\$15,807
Heal Family	\$11,366	\$13,518	\$12,980
Healy, Edwin D. and Claudette	\$12,000	\$14,271	\$13,704
Healy, John Sr.	\$10,099	\$11,893	\$11,519
Herbolzheimer, Jr., Phyllis & Fred	\$12,680	\$34,938	\$33,550
Hercules Incorporated	\$10,166	\$20,248	\$19,443
Hickey Family	\$28,270	\$33,365	\$32,039
Holden, Harold (II)	\$26,439	\$34,410	\$33,043
Holden, Harold	\$11,641	\$29,939	\$28,749
Holland, Hugh G. (Dutch)	\$15,000	\$17,839	\$17,130
Hume, Robert M.	\$10,000	\$30,668	\$29,450
Hunting Family	\$10,100	\$16,521	\$15,864
Huntoon, Charles R.	\$10,250	\$15,621	\$15,000
Hutchins, Curtis M.	\$11,086	\$34,542	\$33,169
Hutchins, Curtis M.	\$10,000	\$27,554	\$26,459
Jalbert, Maurice J.	\$6,308	\$10,307	\$9,898
Joachim, Otto/Richard Laufman	\$10,000	\$27,540	\$26,446
Jones-Weston, Evelyn	\$10,000	\$14,968	\$14,373
Judson, Alan/Pruyn	\$10,700	\$12,706	\$12,201
Karter, Eli	\$10,000	\$11,893	\$11,420
Kirk, Nada Popovich	\$10,000	\$11,893	\$11,420
Knight, Frank A.	\$27,000	\$32,111	\$30,835
Kosloff, I.S.	\$17,945	\$27,050	\$25,975
Kurrle, William F	\$16,362	\$24,156	\$23,196
LaHaise, Thomas F., Jr.	\$24,028	\$27,851	\$26,994
Leen Jr., Stanley J.	\$4,662	\$10,779	\$10,351
Levensailor, Arthur E.	\$15,806	\$37,027	\$35,555
Lowe, E. Nobles	\$14,844	\$18,028	\$17,311
Lucey, Ellen Shaw	\$16,650	\$34,219	\$32,860
Ludwig, Edward I. and Florence M.	\$12,625	\$34,481	\$33,111
Luke Family	\$15,000	\$27,276	\$26,192
Lurvey, Robert G.	\$10,058	\$23,235	\$22,312
MacBrayne Family	\$10,566	\$27,124	\$26,046

THE UNIVERSITY OF MAINE PULP AND PAPER FOUNDATION

SCHEDULE OF ENDOWMENT FUND BALANCES

Year Ended December 31, 2011
(With Comparative Value Figures for 2010)

ENDOWMENT FUND

	Original Contributions Through 2011	Fund Balance Value 2010	Fund Balance Value 2011
Named Scholarships (continued):			
Magnus, Nina Campbell	\$20,630	\$26,729	\$25,667
Mangan, Thomas G.	\$10,000	\$11,893	\$11,420
Martin, Robert W.	\$13,516	\$16,502	\$15,846
Marshall, Stanley N., Jr. (first year)	\$10,500	\$12,487	\$11,991
Matik North America	\$10,000	\$27,554	\$26,459
McCabe, Thomas B.	\$3,932	\$10,724	\$10,298
McClure, John M.	\$10,868	\$34,175	\$32,817
McQuarrie Family	\$16,325	\$19,560	\$18,783
Meyer, Lollo and Charles A.	\$10,000	\$11,893	\$11,420
Moody, James L.	\$10,000	\$31,447	\$30,197
Moore, Winifred & Baxter	\$10,022	\$11,919	\$11,446
Muller, George J.	\$11,222	\$20,603	\$19,785
Nalco Chemical Company	\$10,750	\$16,461	\$15,807
Neal Memorial	\$20,648	\$26,749	\$25,686
Nelson, Laurel E.	\$10,850	\$13,000	\$12,483
Newall, Lewis E. and Lucille D.	\$15,299	\$18,195	\$17,472
Norris, Thomas C.	\$10,000	\$17,810	\$17,102
Palm, William H.	\$15,400	\$27,427	\$26,337
Paper Chase	\$22,978	\$38,166	\$37,424
Perkins, Anna F.	\$13,238	\$25,953	\$24,922
Phillips, Kenneth H.	\$31,360	\$41,892	\$40,227
Ragon Jr., Burnham R.	\$12,080	\$18,080	\$17,362
Recor, Virginia	\$11,000	\$26,883	\$25,815
Richards Jr., John P.	\$12,609	\$17,240	\$16,555
Rourke Family	\$10,000	\$11,893	\$11,420
Sapoznik, Ted and Mary	\$15,000	\$17,839	\$17,130
Simard, Gerald L.	\$10,466	\$21,232	\$20,389
Sleight, Ina and Erland	\$27,500	\$23,977	\$33,024
Sofia, A.J. McKimm and Samuel	\$17,502	\$20,815	\$19,988
Specialty Minerals	\$12,150	\$14,450	\$13,876
Stahl, Frederick A.	\$13,534	\$20,372	\$19,563
Stoess, Henry A.	\$31,098	\$34,318	\$34,791
Tappi Student Endowment Fund	\$10,000	\$10,468	\$10,052
Thayer, Ernest	\$10,000	\$14,968	\$14,373
Touchette, Joseph W.	\$36,153	\$40,678	\$42,602
Trelfa, Heidi Ruckstuhl	\$10,300	\$24,664	\$23,683
Trelfa, Richard T.	\$11,025	\$27,027	\$25,953
Tutt, Jr., Richard P.	\$5,608	\$22,728	\$21,825

THE UNIVERSITY OF MAINE PULP AND PAPER FOUNDATION

SCHEDULE OF ENDOWMENT FUND BALANCES

Year Ended December 31, 2011
(With Comparative Value Figures for 2010)

ENDOWMENT FUND

	Original Contributions Through 2011	Fund Balance Value 2010	Fund Balance Value 201
Named Scholarships (continued):			
Vamvakias, James G.	\$10,000	\$23,101	\$22,183
Violette, Richard D.	\$16,886	\$40,086	\$38,493
Willey, Michael S.	\$10,412	\$13,551	\$13,012
Woodcock Family	\$10,600	\$12,571	\$12,071
Zabe, Robert N.	\$9,469	\$24,452	\$23,480
Zieminski, Stephan	\$10,450	\$12,990	\$12,473
Subtotal	\$1,667,501	\$2,753,147	\$2,679,989
Total Endowed Scholarships		\$12,541,840	\$12,092,225
Special Endowment Funds			
Bailey, Harold P.	\$104,916	\$347,489	\$348,410
Chinn, Jack E.	\$75,000	\$138,179	\$138,835
Subtotal	\$179,916	\$485,668	\$487,245
Endowment Funds			
Beaumont Family	\$2,000	\$1,709	\$2,222
Class of 1962	\$148	\$518	\$522
Class of 1999	\$5,000	\$0	\$2,500
Foley, George L. and Elizabeth Y.	\$5,000	\$6,219	\$6,266
Hutchins, Burleigh	\$1,370	\$3,774	\$3,803
Johnson, Kenneth A.	\$1,236	\$4,046	\$4,076
Lyons Family	\$2,400	\$2,073	\$2,689
Kerr, Ethyl G.	\$5,900	\$3,419	\$6,344
Kiran, Erdogan	\$2,425	\$4,134	\$4,165
Paine, Arnold	\$3,706	\$5,650	\$5,942
Moore, Albert	\$5,753	\$6,083	\$6,727
Shurling, Gene/Couch Pit University	\$4,173	\$6,530	\$6,578
Stevens, Howard	\$700	\$1,212	\$1,221
Subtotal	\$39,812	\$45,367	\$53,054
TOTAL	\$5,016,498	\$13,072,875	\$12,632,524

University of Maine Pulp and Paper Foundation
2012 Budget Proposal

	2009		2010		2011	2011	2012
	Actual	Budget	Actual	Budget	Actual	Budget	Approved
Membership Income							
Foundation Sponsor	\$ 39,000	\$ 50,000	\$ 16,500	\$ 45,000	\$ 19,000	\$ 39,000	\$ 30,000
Scholarship Underwriter	48,500	50,000	48,500	45,000	53,000	45,000	45,000
Company Member	49,300	45,000	47,725	40,000	45,800	40,000	45,000
Special Gift Member	4,925	9,000	4,850	9,000	7,900	9,000	6,000
Individual	28,738	30,000	20,415	40,000	24,862	40,000	73,000
Matching Gift	2,300	2,500	500	2,500	954	2,500	1,000
Total Membership Income	172,763	186,500	138,490	181,500	151,516	175,500	200,000
Investment Income				Percent			5.00%
General	295,917	295,917	262,081	262,081	206,463	206,463	203,182
Endowment	689,433	689,433	622,184	622,184	593,824	593,824	623,057
Soderberg Research	91,350	91,350	81,434	81,434	71,319	71,319	73,898
Total Investment Income	1,076,700	1,076,700	965,699	965,699	871,606	871,606	900,137
Open House	0	0	0	0	1,155	0	0
Other Income	0	0	0	0		0	0
Total Operating Income	1,249,463	1,263,200	1,104,362	1,147,199	1,023,122	1,047,106	1,100,137
Scholarships & Recruitment							
Undergraduate Scholarships	751,135	788,000	742,672	788,000	751,648	750,000	750,000
Graduate Stipends	14,152	50,000	44,914	50,000	0	0	40,000
Educational Relations	41,009	50,000	41,922	50,000	40,242	50,000	50,000
Total Scholarships & Recruitment	806,296	888,000	829,508	888,000	791,890	800,000	840,000
University Support							
P & P Foundation Professor	15,000	15,000	15,000	15,000	10,000	10,000	15,000
Calder Professor	15,000	15,000	15,000	15,000	0	0	15,000
Faculty Stipends	5,000	5,000	5,000	5,000	0	0	5,000
Departmental Support	13,000	13,000	16,535	13,000	0	0	13,000
Summer Co-op Teaching	23,499	25,000	15,436	15,000	10,000	10,000	10,000
Chinn Seminars	3,020	2,000	2,637	2,500	372	2,500	2,500
Total University Support	74,519	75,000	69,608	65,500	20,372	22,500	60,500
Foundation Operations							
Public Information	8,076	13,000	7,816	13,000	12,561	12,000	12,000
Foundation Office	258,000	260,000	254,560	240,300	252,346	246,191	254,920
Development							50,000
Professional Fees	50,309	40,000	37,387	38,000	18,550	19,000	19,000
Miscellaneous	32,243	30,500	27,800	30,500	27,607	25,000	30,200
Total Foundation Operations	348,628	343,500	327,563	321,800	311,064	302,191	366,120
Total Operating Expense	1,229,443	1,306,500	1,226,679	1,275,300	1,123,326	1,124,691	1,266,620
Operating Surplus/(Deficit)	\$ 20,020	\$(43,300)	\$(122,317)	\$(128,101)	\$(100,204)	\$(77,585)	\$(166,483)

AUDIT COMMITTEE

The function of the Audit Committee is to provide oversight of the integrity of the Foundation's financial statements, determine the qualifications and independence of the Foundation's auditor, the performance of the Foundation's accounting service and independent auditor, and the Foundation's compliance with legal and regulatory requirements. The Audit Committee recommends the appointment of an auditor and accepts its report.

The Audit Committee met twice in 2011. During those meetings we reviewed the 2010 audit as prepared by MacDonald Page.

MacDonald Page visited the UMPPF offices on January 16, 2012 and thoroughly reviewed our systems, methodology, record keeping, and checks and balances. We continue to be impressed with the thoroughness of MacDonald Page's review.

During 2011, the Foundation staff continued to expand the use of QuickBooks with detailed entries, and the complete elimination of our old program "Checkbook". This change was made to assure maintenance and upkeep services are readily available, and to improve reporting. In addition, auditors are very familiar with QuickBooks, and can perform a more efficient review with this system.

The audit committee met on March 21, 2012 to review both the 2011 financial statements, as well as the 2011 audit report as prepared by our Auditors, Macdonald Page. No Material weaknesses were noted.

We are in full agreement with the auditors report, and are confident that our financial processes are effectively ensuring that our financial reporting is accurate, and that our finances are managed with integrity.

Bill Igoe, Chair

MEMBERSHIP COMMITTEE

The primary function of the Membership Committee is to solicit financial support from paper producers and supplier companies in the Maine pulp and paper industry who recognize and appreciate the mutual benefits of supporting the Foundation and the forest products industry. The Foundation develops and prepares the highest quality engineering students to work for companies in the pulp and paper industry. In addition, the Foundation also provides its Company Members with additional membership benefits including:

- Access to University technical expertise
- Process Development Center (PDC) capabilities
- Networking opportunities
- Information on key paper industry issues
- “*Dandy Scroll*” Foundation newsletters
- Paper mill luncheon and tour events
- Paper Days annual open house conference
- Company recognition, access and visibility

In 2011, our activities included:

- Membership Committee meeting on October 4th at the Sappi Technology Center
- Company Members luncheon and tour on October 4th at the Sappi Technology Center hosted by Sappi Westbrook Mill Managing Director Donna Cassese and Sappi VP Technology Beth Cormier
- The Foundation also welcomed the following NEW Company Members:
 - o Rio Tinto Minerals/Luzenac Talc Division (now Imerys Talc)
 - o Canadian National Railroad
 - o BASF Corporation

In these challenging economic times, we appreciate and need the support of our Company Members to support the Foundation activities and scholarships.

I want to thank all the Membership Committee members who generously volunteered their time.

John Wolanski, Chair

GIFTS AND BEQUESTS COMMITTEE

The Gifts and Bequests Committee encourages contributions to the Endowment Fund to support the Foundation's long term ability to encourage students and the University of Maine College of Engineering programs related to the pulp and paper industry.

In 2011 the Foundation received \$25,252 in gifts to increase existing Named Scholarships, \$12,546 in gifts to increase USA Scholars Funds, \$7,349 in gifts to increase Endowment Funds and one new Named Scholarship. In aggregate the total amount received was \$56,147.

The value of each endowment is reported separately in this annual report noting the value of the original gift. Since 1980, the Foundation has accounted for each endowment fund separately showing the value of the original gift and the market value of the fund for the last two years.

The Paper Days Banquet provided the venue to introduce Ted Curtis and his wife Rose Marie as the Foundation's 223 Named Scholarship Donors. Ted and Rose Marie have raised four children, three of whom have UMaine degrees and one who has a degree from the University of Maine at Farmington. Ted has provided legal services for the Foundation for more than 30 years, first assisting E. Nobles Lowe and more recently as our Chief Counsel. Ted's father was the long time Facility Manager of Athletics at UMaine so his association with Maine started at an early age. Rose Marie and Ted live in Orono. They desire to benefit future generations of Maine students with this scholarship.

We welcome gifts in celebration of a fruitful career and in honoring significant people in the lives of donors. More information about establishing a Named Scholarship by first creating an endowment fund or through a trust or bequest is available by contacting Jack Healy at the Foundation office.

Keith A. Meyer, Chair

UNIVERSITY SUPPORT COMMITTEE

The function of the Support Committee is twofold. The Committee acts as a liaison for the Foundation to the Chemical & Biological Engineering Department with the objective of providing industrial perspective, guidance and support (both monetary and non-monetary) in areas of importance to the Department's chair and faculty ensuring that their activities are well connected to the future of the pulp & paper and related industries. Secondly, the Committee also serves as the Industrial Advisory Board (IAB) to the Chemical and Biological Engineering Department as required by the Accreditation Board for Engineering and Technology (ABET). Whereas the first function is clearly directed to current interests of Foundation member companies, the second tends to be more global and academically focused as accreditation is based on how well students are prepared for all of the industries and other organizations by which they may become employed. The Committee met once in 2011.

During the past several years, the committee has refined five specific goals and the action steps required to achieve these goals. The first goal has been, and continues to be, to assist in the development of a multi-year plan for the future focus and direction of the Chemical & Biological Engineering Department. This has been done by committee reviews of the current pulp & paper curriculum and research infrastructure at UMaine through interviews and reviews with individual faculty and staff members. The committee has encouraged and supported the implementation and execution of this multi-year plan realizing it is important to the future of the State's pulp and paper industry and the broader interests of the Department staff and students.

Secondly, the committee supports and recognizes the faculty of the department by reviewing and recommending support for Foundation recognized professors. The Pulp and Paper Foundation, upon our recommendation and with approval of the Executive Committee, will again support Dr. Joe Genco, the Calder Professor, and Dr. Doug Bousfield, the UMP-PF Professor. The committee also continues to support the University through faculty and staff recognition building on the 2010 successful establishment of the Genco Award. After awarding the first Genco Award to Dr. Joe Genco in 2010, and the second Genco Award to Dr. Doug Bousfield in 2011, the Award will again be presented at Paper Days in 2012.

The effort in 2011 to hold a one day workshop between Pulp and Paper Industry guests and University researchers was a tremendous success. It is important that the research needs of the industry are understood by University staff and also important the Pulp and Paper industry representatives understand the research capabilities at UMaine. A total of twenty two different UMaine professors presented their research to a very interested audience during the first afternoon of Paper Days 2011. Additional collaboration between our members

and the academic community have occurred as a result of the meeting.

Regarding the Accreditation process support, the activity continues to be high at each meeting and always informative. Student assessments are conducted annually. Feedback is provided to the Department regarding what makes new hires successful – particularly with respect to soft skills and advises the department on how to promote these skills in the curricular. The department expects to be successfully re-accredited after the ABET review in the fall of 2012.

Jeffrey A. Hamilton, Chair



SCHOLARSHIP/EDUCATIONAL RELATIONS

The primary role of the Scholarship Committee is to award scholarships, grants, and loans to qualified students. The role of the Educational Relations Committee is to interact with teachers to promote the Foundation's programs, helping them to encourage their students to utilize our programs and consider a career in the Pulp and Paper Industry. We are grateful that so many are willing to donate their time to ensure that we are selecting the right students to serve this industry.

During Paper Days 2011, we awarded Teacher of the Year awards to Sasha Alcott of Bangor High School and Annette Girardin of Jay High School. Both teachers were very appreciative of the recognition. We plan to award the Teacher of the Year award to two teachers again in 2012.

In the spring of 2011, the committee interviewed 19 students for upper-class scholarships. Due to the large number of very qualified applicants, the committee decided to put six students in a hold category, in anticipation of scholarship positions opening. By year end, we offered scholarships to all six students.

Our Consider Engineering summer program continues to thrive, with 172 high school students applying for 102 slots in 2011. Feedback continues to be positive, with many students saying that the program needs to be longer. We actively market this program with flyers and posters at almost all Maine high schools.

In September, we held our Scholarship Banquet, where students gather for dinner, discussion, and presentation of fall scholarship checks. We were very pleased to have UMaine President Paul Ferguson speak to our students. In fact, we had the honor of being one of the first student groups to hear from the new President. Thirteen co-op employers attended to deliver scholarship checks to their co-op employees.

Our application rate has stabilized over the past several years, at approximately 80 applicants for 25 scholarship awards. This year, we received 80 applications, and we interviewed 58 students via SKYPE. We have since made 24 scholarship offers, and have two students in reserve, pending acceptance by those offered.

We are fortunate to have terrific students - and we are very pleased to have invested \$751,648 in them in 2011 - the highest ever in a single year. We are delighted that the Board has approved \$750,000 in scholarship awards for 2012. However, due to increased tuition we must decrease the number of scholarships from 90 to 86. We recognize that we cannot continue to over-spend our established limits on scholarship awards; therefore, an

additional important goal for the committee in 2012 is evaluation of scholarship award practices. This includes scholarship quantities, value, and method of awarding – all analyzed with the Foundation mission, and existing commitments, taken into consideration.

Jason Lyons, Chair



PUBLIC INFORMATION COMMITTEE

The Public Information Committee is responsible for communicating a strong, positive message about the University of Maine Pulp and Paper Foundation and for publicizing programs that offer our students, corporate members and Foundation friends important benefits.

New in 2011 was the establishment of the Foundation's facebook page. Friends can search "University of Maine Pulp & Paper Foundation" and "*like*" us to join us. Program brochures, applications and announcements can be updated at anytime affording us the opportunity to stay current with our members and friends. When we have news it will be posted so we are able to share it immediately with our members and friends.

The Foundation's website, www.maineulpaper.org has been completely updated and reorganized. All of our program brochures and applications are available immediately by visiting us on our website. All applications for scholarship and all registration materials for Paper Days and Consider Engineering have been updated and are now PDF fillable forms allowing our members and friends the opportunity to complete a form or application, save it to their computer and then e-mail it back to the Foundation office for processing.

We continue to offer our "Candidates for Placement" segment on our website featuring pictures and resumes of all current scholarship recipients. Company members looking to fill full-time, co-op and intern positions have immediate access to available students to help fill their employment needs. This area is considered a benefit of Foundation membership and is password protected. Those interested in obtaining access may call the Foundation Office at (207) 581-2297 or email pulpaper@maine.edu for access codes.

The Foundation Newsletter, "The Dandy Scroll" continues to be published and distributed. We also maintain past and current newsletters on our website.

We are in the process of completely updating our alumni database. We have joined together with the University's Development Office and are comparing their database with ours. We have also set up an office account on LinkedIn and have been successful in finding many lost alumni by searching there. It is our hope to have the complete database update by summer.

Louis J. Boos, Chair

OPEN HOUSE COMMITTEE

Paper Days/Open House provides one of the best networking opportunities for everyone from the college student level to the company president level. Paper Days is one of the rare occasions at which entry level, middle management, and senior executives from a large variety of companies spend quality social and informative time together. The program offers something for everyone throughout the career spectrum.

Our 2011 program, “Maine on Paper” was a great success with more than 300 attendees making this the largest Paper Days/Open House we have had in many years. A highlight of the program was the Wednesday afternoon engineering research exchange. Representatives from Civil, Mechanical, Electrical, Computer, Chemical and BioEngineering Departments and the School of Engineering Technology made presentations to provide our audience with an overview of UMaine’s research capabilities. The presentations provided a one-stop opportunity for Paper Days participants to understand the broad range of engineering research that occurs at UMaine. The keynote address was delivered by Michael Jackson, President & CEO of Verso Paper. Mr. Jackson spoke of Verso Paper’s vision which includes a commitment to new products, energy efficiency and the environment. The honors banquet concluded with the presentation of the Foundation’s 2011 Honor Award to Jeff Dutton, President and CEO, Twin Rivers Paper Company.

Once again, the University of Maine Pulp & Paper Foundation will join together with Northeast PIMA/TAPPI, the Maine Pulp and Paper Association, and UMaine Student PIMA/TAPPI to offer Paper Days 2012. Representatives from each group met in the fall to develop a dynamic program titled “The Paper Industry - a Global Perspective, What does the Future Hold?” Mr. Deece Hannigan, Vice President, Fiber Resources, Sappi Fine Paper will open Paper Days as our luncheon speaker. Our afternoon segment will feature Brendon K. Lowney, President, Forest Economic Advisors. Our keynote will be presented by Mark Cross, Senior Vice President, MeadWestvaco Corporation. On Thursday morning we will start with our Chinn Management Seminar breakfast featuring student scholarship recipients, moderated by Mike Luciano, Verso Paper. Also speaking Thursday will be Al Blanchard, Sappi Fine Paper, Robin McCann, OMNOVA Solutions, Keith Meyer, Andritz, Zeynep Turk, The Maine International Trade Center, and Mark Mosher, Irving Paper Ltd. The program will close with luncheon speaker, Terrence M. Gallagher, Senior Division Vice President, Nalco.

Paper Days/Open House has been held every April since 1950. It is a wonderful way to meet old friends and make new friends. Members of the Paper Days/Open House Committee invite you to “*Mark Your Calendar*” and make plans to attend next year’s Paper Days Open House today!

Albert B. Moore, Chair

COMMITTEE MEMBERSHIP

AUDIT COMMITTEE

William F. Igoe, Jr., Chair
David M. Colter

Cheryle Levesque
Elsa Sanborn

GIFTS AND BEQUESTS COMMITTEE

Keith A. Meyer, Chair

INVESTMENT MANAGEMENT COMMITTEE

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David Colter
James Crump, Jr.
Martin Grant
William F. Igoe, Jr.

Thomas F. LaHaise, III
Brian Lambert
Stanley N. Marshall, Jr.
Janelle McDermott
Elsa Sanborn

MEMBERSHIP COMMITTEE

John Wolanski, Chair
Brad Bingham
Jeff Dutton
Barbara “Gilly” Hitchcock
Jef Howell

Mark Lenentine
Mike Luciano
Joe Lynch
Craig Martin
Mike Michaud
Bob Rourke

NOMINATING COMMITTEE

Donald F. Beaumont, Chair
David Colter
Jeff Dutton

Jack Healy
Barbara Kerr Hamilton
John Wolanski

OPEN HOUSE COMMITTEE

Albert B. Moore, Chair
Proserfina Bennett
Louis J. Boos
Ron Calpaldo
Dana Dolloff

Eric Fletty
Eric Olsen
Dick Saucier
John Williams

PUBLIC INFORMATION

Louis J. Boos, Chair

SCHOLARSHIP/EDUCATIONAL RELATIONS COMMITTEES

Jason Lyons, Chair

Scott Castonguay

Mike Davis

John Desjardins

Bill DeSisto

Gary P. Gagner

Barbara Hamilton

Mark Lenentine

Patty Lovejoy

John M. MacBrayne, III

Lee Marshall

Owen McCarthy

David Neivandt

Joel E. Pike

Mike Reider

Julie B. White

Robert White

David K. Wilson

Annette Smith Wright

UNIVERSITY SUPPORT COMMITTEE

Jeff Hamilton, Chair

Michael Bilodeau

Lee Bingham

Doug Bousfield

Dennis Castonguay

Paul Durocher

Peter Hart

Richard Malinowski

David Neivandt

Jessica Paul

Hemant Pendse

Darrell Waite

CORPORATE MEMBERS

FOUNDATION SPONSORS

Sappi Fine Paper North America
SCA Americas
Verso Paper

SCHOLARSHIP UNDERWRITERS

ABB Inc.
Andritz Incorporated
AMEC
Ashland Incorporated
BASF
Bercen Incorporated
Buckman USA
Central National-Gottesman Inc.
Du Pont Company
Kemira Chemicals Inc.
Lincoln Paper & Tissue
Madison Paper Industries
MeadWestvaco Corporation
OMNOVA Solutions Inc.
Roosevelt Paper Company
Savage Safe Handling Inc.
Styron LLC
Twin Rivers Paper Company

COMPANY MEMBERS

Asten Johnson
AxChem USA Inc.
Canadian National R. R.
Cascades Auburn Fiber
Cianbro Corporation
D & S Engineering Inc.
EcoSynthetix Inc.
Eka Chemicals
The Fitch Company
FMC Corporation
GAC Chemical Corp.
GL&V USA, Inc.
Great Northern Paper Co.
Honeywell Process Solutions
Huhtamaki Food Service

Imerys
Kadant Inc.
Metso Paper USA
Nalco Company
New England Controls
Old Town Fuel & Fiber
OMYA Inc.
Precision Roll Grinders Inc.
Procter & Gamble Inc.
Rayonier
RioTinto Materials
SW & B Construction Corp.
TexPar Energy
Voith Paper

SPECIAL GIFT MEMBERS

The Asquith Group
D. Benedetto Inc.
N. H. Bragg & Sons
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County Environmental Eng.
Fortune Personnel Consultants
Heuchling Group Inc.
Holland Company Inc.
Hydro Technologies Inc.
LaCasse & Weston Inc.

Monson Companies Inc.
Nordic Engineering Inc.
Process Products Northwest
Sekisui Specialty Chemicals America
Sullivan & Merritt Constructors Inc.
Target Fiber
Tate & Lyle
Univar USA
Whitfield Russell Associates
Woodard & Curran

CODE OF ETHICS

Statement of Values

The Board of Directors (the Board) of the University of Maine Pulp and Paper Foundation (the Foundation) adheres to the highest ethical standards to demonstrate its commitment to the core values of integrity, honesty, fairness, openness, respect, and responsibility. The Board embraces these core values:

- Commitment to the public good;
- Accountability to the public;
- Commitment beyond the law;
- Respect for the worth and dignity of individuals;
- Inclusiveness and social justice;
- Respect for pluralism and diversity;
- Transparency, integrity and honesty;
- Responsible stewardship of resources;
- Commitment to excellence and to maintaining the public trust.

Code of Ethics

A. Personal and Professional Integrity

All staff, board members and volunteers of the Foundation act with honesty, integrity and openness in all their dealings as representatives of the Foundation. The Foundation promotes a working environment that values respect, fairness and integrity.

B. Governance

The Board is responsible for setting the strategic direction of the Foundation and oversight of the finances, operations, and policies of the organization. The Board:

- Ensures that board members have the skills and experience to carry out their duties and that all members understand and fulfill their governance duties acting for the benefit of the Foundation and its public purposes;
- Maintains a conflict of interest policy that ensures any conflicts of interest or the appearance thereof are avoided or appropriately managed through disclosure, recusal or other means;
- Is responsible for the hiring, firing, and review of the performance of the Executive Director of the Foundation, and ensures that the compensation of the Executive Director is reasonable and appropriate;

- Ensures that the Executive Director and appropriate staff provide the Board with timely and comprehensive information so that the Board can effectively carry out its duties;
- Ensures that the Foundation conducts all transactions and dealings with integrity and honesty;
- Ensures that the Foundation promotes working relationships with board members, staff, volunteers, and program beneficiaries that are based on mutual respect, fairness and openness;
- Ensures that the Foundation is fair and inclusive in its hiring and promotion policies and practices for all board, staff and volunteer positions;
- Ensures that policies of the Foundation are in writing, clearly articulated and officially adopted;
- Ensures that the resources of the Foundation are responsibly and prudently managed.

C. Legal Compliance

The Foundation complies with all local, state, and federal laws and regulations.

D. Responsible Stewardship

The Foundation responsibly and prudently manages the endowment fund including:

- Ensuring reasonable expenses in pursuit of its purposes;
- Ensuring reasonable and appropriate compensation for staff members and any others that may receive compensation;
- Ensuring that all financial reports are factually accurate and complete in all material respects.

E. Disclosure

The Foundation provides comprehensive and timely information to the public and all stakeholders and is responsible in a timely manner to reasonable requests for information. All information about the Foundation will fully and honestly reflect the policies and practices of the Foundation. All financial, organizational, and program reports will be complete and accurate in all material respects.

2011 Honor Award



Jeffrey Dutton

Jeff attended the University of Maine, was a Foundation scholarship recipient and graduated in 1986 with a B.S. in Mechanical Engineering. After leaving UMaine he started his career at International Paper's Androscoggin Mill in Jay, ME. Jeff is an experienced executive with more than 20 years of accomplishments in the pulp and paper industry. Throughout his career he has successfully implemented management operating systems using key organizational tools and processes while contributing to the growth and profitability of organizations including International Paper, Kimberly-Clark, MeadWestvaco, Champion International, Republic Paperboard, Fraser Papers and Twin Rivers Paper Company.

Jeff has served as a member of the Pulp & Paper Foundation's Membership Committee and has also held the positions of President and Chairman. Jeff has also served as a Director and Vice President of national PIMA and was named PIMA's Mill Manager of the year in 2008.

For complete “up-to-date” program information including:

- Paper Days/Open House
- Pulp & Paper “Consider Engineering”
High School Summer Program
- Pulp & Paper Foundation Sponsored Scholarships

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ANNUAL REPORT

2011



62 YEARS OF PARTNERSHIP
STUDENTS • UNIVERSITY • INDUSTRY

Cover Photograph - Scholarship recipients, employed as co-op's at Sappi Fine Paper, pose for a picture with representatives from Sappi Fine Paper at the Foundation's fall banquet. Pictured (left to right) Jesse Stephens, ChE from Caribou, ME; Dale Wibberly, Human Resources Manager, Sappi Fine Paper, Somerset Operations; Scott Kelley, MEE from Corinth, ME; Matthew Howard, ChE from Whitefield, ME; Brianna Stanaway, ELE from Longview, WA; John Donahue, Vice President Manufacturing, Sappi Fine Paper.

