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December 24, 2012

NewPage gets out of bankruptcy

Luke mill owner has completed its restructuring

From Staff Reports
Cumberland Times-News

CUMBERLAND — The corporate owner of the Luke paper mill can now move on with business after emerging from Chapter 11 bankruptcy.

Company officials have consistently maintained a commitment to keeping the Luke plant, which employs about 870 people, in operation throughout the bankruptcy and beyond.

NewPage Corp. said it has completed a financial restructuring including a \$500 million term loan from Goldman Sachs Lending Partners LLC and a \$350 million revolving credit line from J.P. Morgan Securities LLC.

The bankruptcy case, which began in September 2011, was handled by the U.S. Bankruptcy Court for the District of Delaware in Wilmington.

"This is an exciting day for all of us at NewPage," said George Martin, president and chief executive officer. "We have successfully completed our restructuring, and we have emerged as a financially sound company. This step helps to solidify our position as the leading North American producer of printing and specialty papers," Martin said.

NewPage officials said they wish to express their appreciation to Bankruptcy Judge Kevin Gross for successfully shepherding the case through the Chapter 11 process and protecting 6,000 jobs, and to Judge Robert Drain for mediating the economic settlement that paved the way for a consensual Chapter 11 Plan. The court will continue to monitor implementation of the restructuring plan, officials said.

Luke mill manager Rick Watro has said plans are to add \$15.8 million in capital improvements to the Luke plant. "The \$15.8 million is going to build our future here at this location," said Watro.

NewPage has struggled with decreasing demand for paper products and alleged unfair competition by Chinese paper producers.

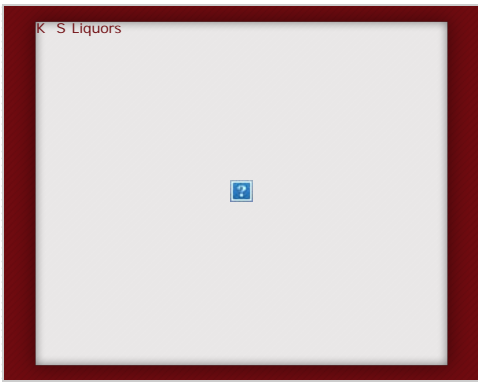
Allegany County Commissioner Creade Brodie Jr. has said 8,000 people in the area, including employees and suppliers in timber and other industries, are directly affected by the Luke plant.

According to a study conducted by the Economic Policy Institute, paper production in China has tripled in the last 10 years, despite a global market that seems saturated. The study indicates subsidies by the Chinese government are negatively impacting the U.S. paper market.

The study, authored by Usha Haley of the Economic Policy Institute, identified roughly \$33 billion in subsidies provided to China's paper producers in a variety of forms that have stimulated enormous capacity increases and jeopardized production and jobs stateside.

NewPage Corp., based in Miamisburg, Ohio, is a leading producer of coated paper in North America. The company produces coated papers in sheets and rolls with many finishes and weights to offer design flexibility for a wide array of end uses. With 8,000 employees, NewPage operates 10 paper mills with 20 paper machines in the U.S. and Canada. Annual production consists of 4.5 million short tons of paper and 3.2 million short tons of pulp.

The Luke operation was established as the Luke Pulp Paper Mill in 1888. Later operated by Westvaco, the company was purchased by NewPage. Today, the Luke location has one kraft pulp mill and two paper machines.



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