BEFORE THE
UNITED STATES INTERNATIONAL TRADE COMMISSION

IN THE MATTER
OF
LIGHTWEIGHT THERMAL PAPER FROM CHINA AND GERMANY

Inv. No(s). 701-TA-451 and 731-TA-1126-1127 (Review)

EXHIBITS TO TESTIMONY OF
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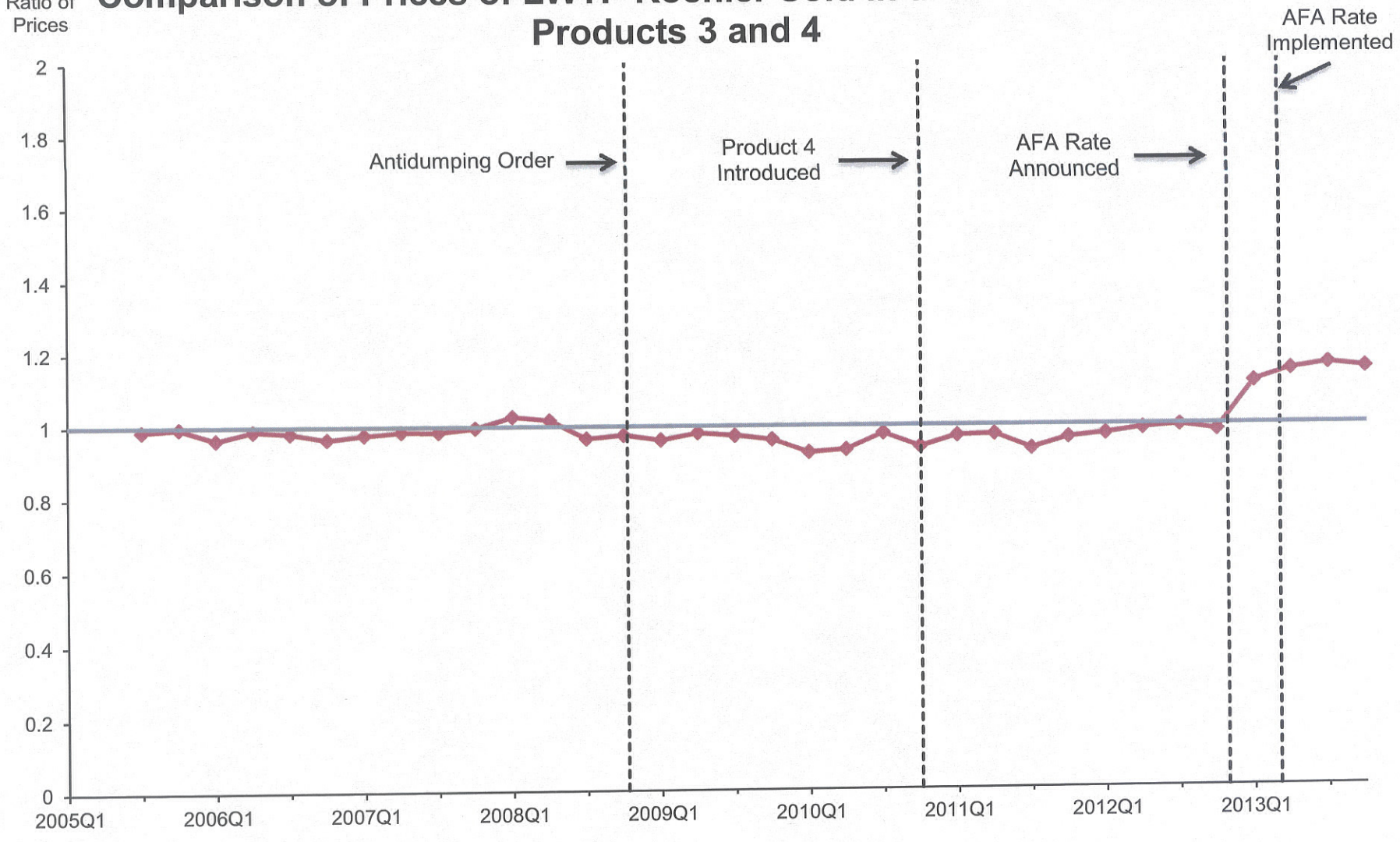
OCTOBER 30, 2014
Washington, D.C.

SLIDE 1

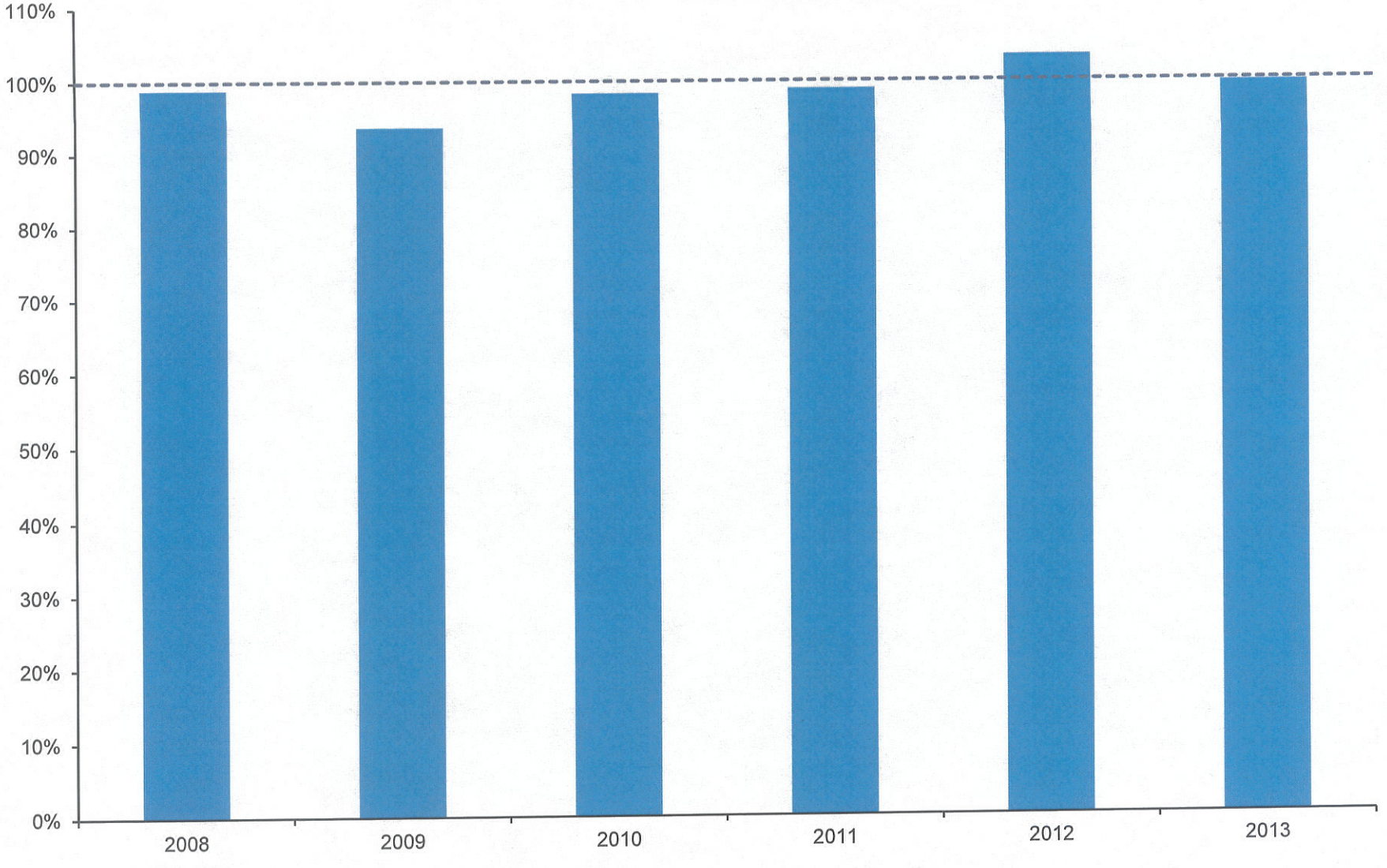
Comparison of Prices of LWTP Koehler Sold in the U.S. and Canada Products 3 and 4



Source: Confidential Koehler Global Sales Data

SLIDE 2

Koehler's Capacity Utilization
(LWTP-Capable Machines)

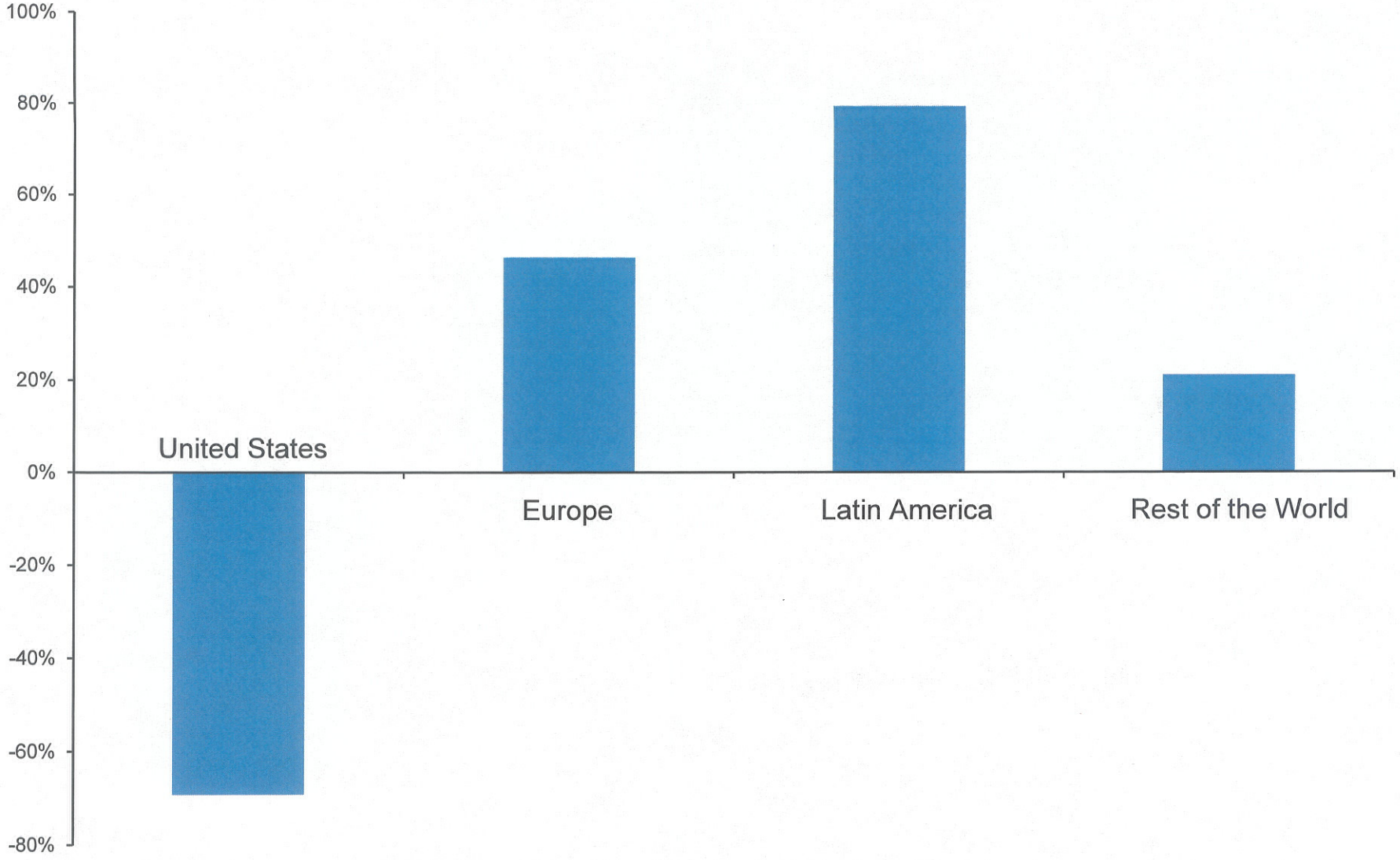


Source: Koehler's Foreign Producers' Questionnaire Response Table II-5a

SLIDE 3

Koehler's LWTP Expansion in Non-U.S. Markets in 2013

Percentage Change in 2013 from Historical Average Annual Sales



Source: Confidential Koehler Global Sales Data

Note: Historical average annual sales for each region is calculated as Koehler's total sales to the region in the 2005-2012 time period divided by the number of years.

2 - The Commission Unanimously Ruled That There Was No Material Injury By Reason of German Imports

- **No Adverse Impact**
  - Domestic increase in capacity and output
  - Profitability decline not attributable to imports
    - Rising Demand
    - No significant gains in German market share
    - No adverse price effects

Source: Final Determination at pp.34-36

3 - The Commission's 3-3 Threat Determination Rested On A Few Key Points

- **Likely Adverse Volume Effects**
  - Increased German capacity and exports to U.S.
  - Slowdown in demand due to recession
- **Likely Adverse Price Effects**
  - German efficiencies in 48 gsm production
  - U.S. producers' inability to regain share lost to 48
- **Likely Adverse Impact**
  - Domestic industry consistently unprofitable
  - Investment in West Carrollton "imperiled"

Source: Final Determination at pp.36-40

4 – The Order Did Not Affect German Import Volume or U.S. Market Pricing

- German capacity was consistent over the POR
- German import volumes were higher in 2011, 2012 than in the POI
- U.S. producers began supplying 48 gsm
- Market prices fell in 2009 and 2010, then rose in 2011-2012 despite large German import volumes

5 - Imports from Germany Oversold Domestic Producers In The Overwhelming Majority of POR Comparisons

Quarters Underselling	Avg. Underselling Margin	Quarters Overselling	Avg. Overselling Margin
7	9.0%	58	14.1%

Source: Prehearing Report (PUBLIC) at V-23, Table V-9

6 - Purchasers' Responses Reveal The Importance of Non-Price Factors in Purchasing Decisions

Decisions Based on Source of Purchases

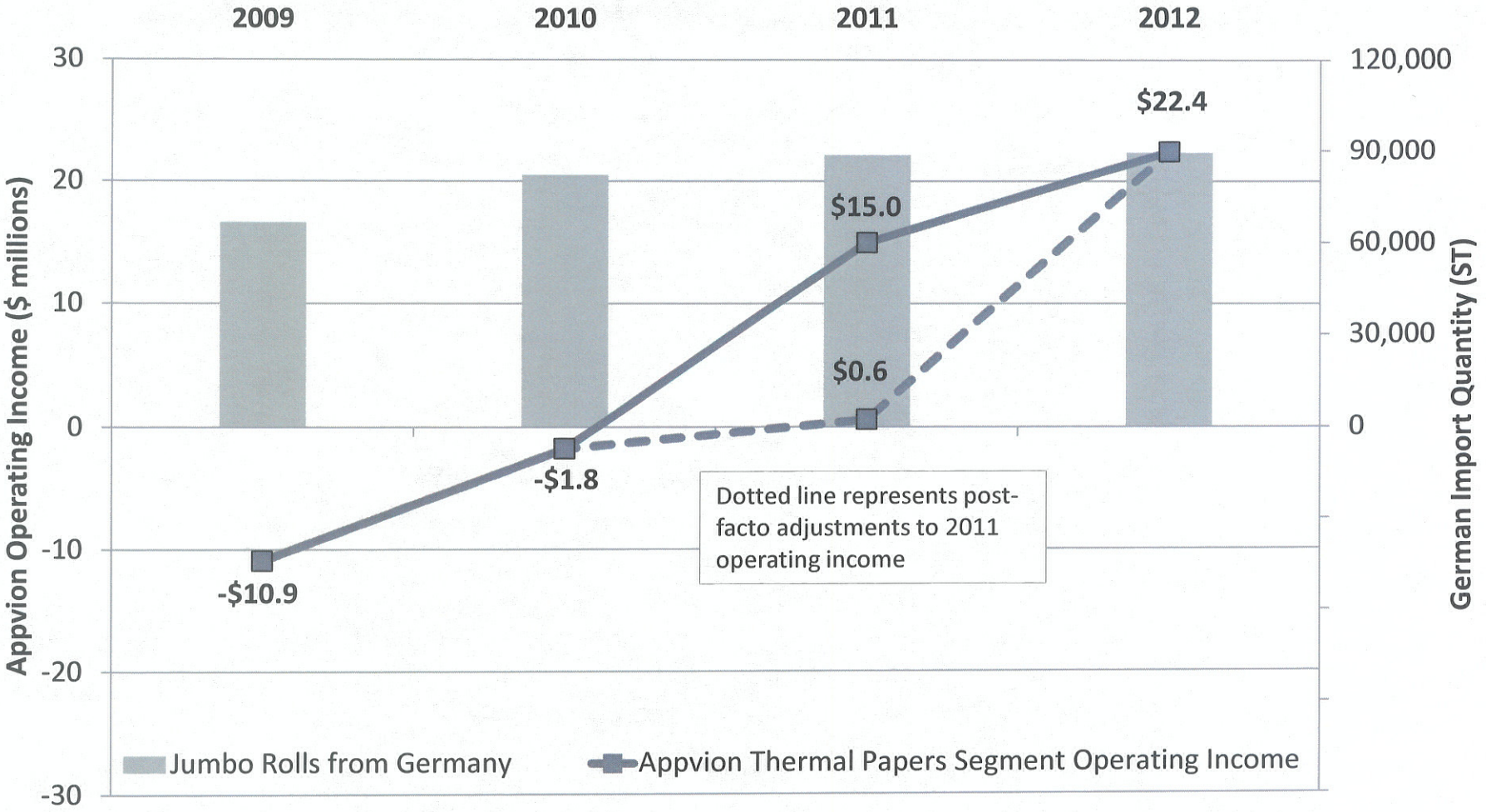
Purchaser makes decision --	Always + Usually	Sometimes + Never
Based on coater	8	7
Based on country of coater	7	8

Ranking of Factors Used In Purchasing Decisions

Factor	First	Second	Third	Total
Price/Value	7	4	3	14
Quality (incl. certification)	6	6	2	14

Source: Prehearing Staff Report at Tables II-5 and II-6, p. II-15

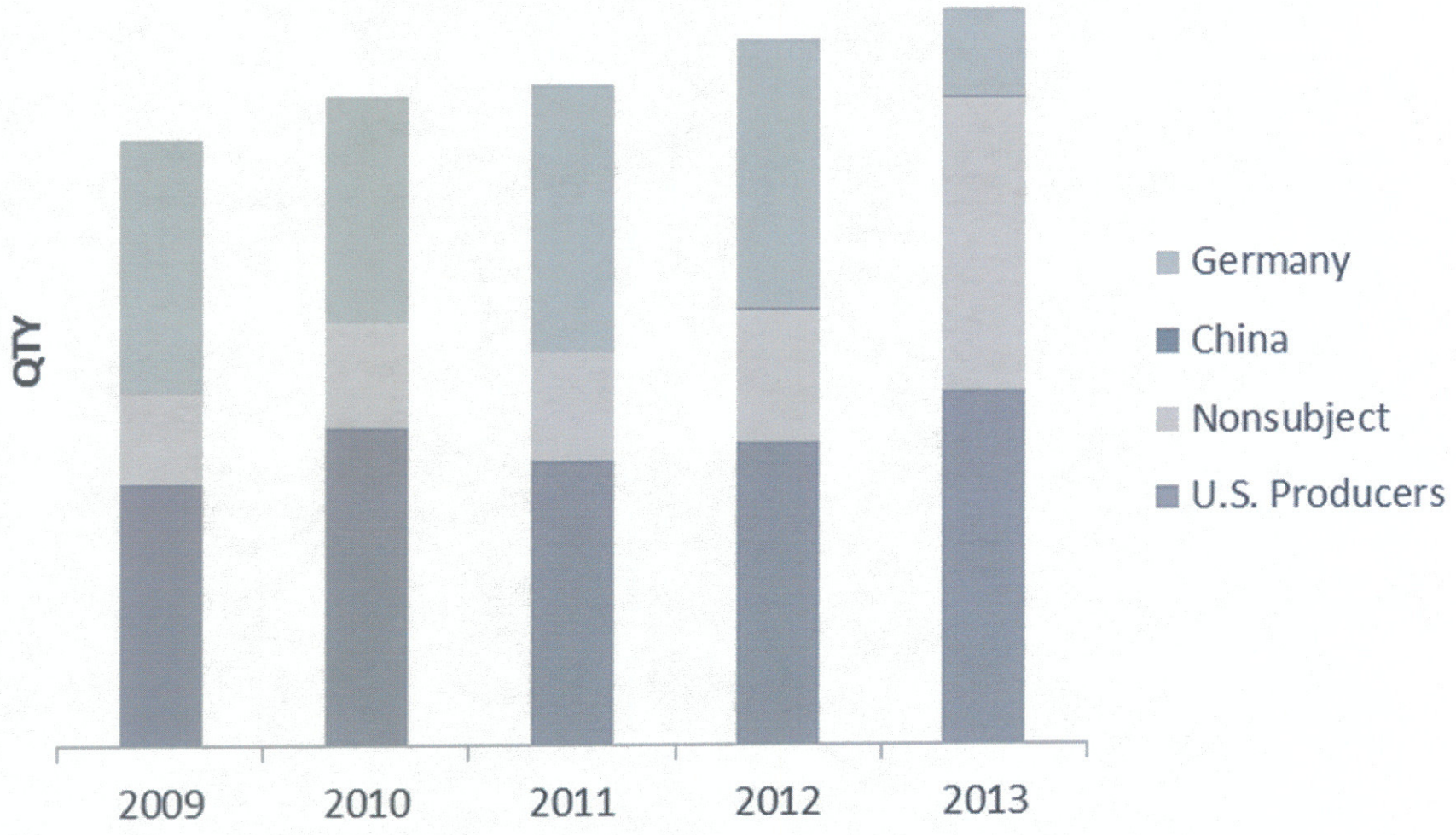
7 - The Domestic Industry's Return To Profitability Coincided With the Largest Volume of German Imports



NOTE: **2011** 10-K originally reported operating income of $15.0m; revised to $0.6m in 2012 10-K. **2012** Operating loss of $32.4m adjusted to exclude restructuring costs related to the ceasing of papermaking activity at West Carrollton of $47.7m, $7.3m related to the transition to the base stock supply agreement, $6.8m related to withdrawal from a pension plan, and a $5.2m offset through reduced retiree benefits expense.

Sources: Appvion SEC filings, U.S. Census Bureau Imports for HTS: 4811908030

8 – Imports from Nonsubject Countries Gained Market Share when Koehler Exited the Market in 2013



Source: Prehearing Staff Report at Tables I-8 and IV-2; Koehler Prehearing Brief at Exhibit 18