



Solutions

Spring 2010



Karl Larsen, President

Welcome to the first issue of our newsletter. Our objective with this quarterly publication is to provide you with worthwhile, interesting, and useful information about our company, and the industries we serve.

2009 was a tough year for nearly every market segment, but thankfully things seem to really be turning around with the economy and as the result of new Cesco technologies and business opportunities. Cesco sales for January 2010 were up significantly, with a 25% improvement over this same period last year.

This rise is attributable to many factors, including some pent-up demand resulting from the worldwide recession. Still, we are hearing some very encouraging things across the board, prompting us to project a company growth rate of more than 35% for 2010.

Because of our unique place in the specialty chemical market, we enjoy a differential perspective that is of interest to many parties. We look forward to sharing these findings with you in future issues of Cesco Solutions, and we welcome your input on everything from story ideas, to ways in which we might "perfect the formula" we have created for this publication.

Please feel free to [contact me directly](#) with your comments and suggestions.

Wishing you continued success - and enjoy the issue,

Karl

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Cesco & Heliojet Team Up To Enter Expanding Asian Market
Partnership with China's Cenway Ushers in exciting new era

Consultant Network Adds Top Industry Expert
Woodward brings expertise and experience to the Cesco bullpen

At a time when many US firms are experiencing a trade imbalance, Cesco has turned the tables by signing an exclusive distribution agreement with a rapidly expanding Chinese company.



Headquartered in Beijing, Cenway is a highly respected conglomerate best known for its pharmaceutical line. Additionally, Cenway has a history of providing dyes and optical brighteners to China's growing pulp and paper market. Cenway CEO, Professor Dequan Zhu, believes Cesco's product line is complimentary to Cenway business and has plans for a new production and research facility that will support Cesco product sales.

"I think we are a good fit for one another," said Karl Larsen, Cesco's President and CEO. "We see eye-to-eye on a lot of important matters, and all parties are looking at a long-term collaborative relationship."

"On a personal note, our Chinese partners have been absolutely great to work with. Gracious and generous hosts, they reflect our own corporate ethic that good people do good business."

To underscore its commitment to burgeoning pulp and paper industries, and the related growing demand for its dyes and optical brighteners, Cenway now has a sales staff of 30 persons dedicated to serving just the Chinese national market. Founded in 2002, Cenway has several thousand full time employees in various capacities, with most currently assigned to its internationally-recognized pharmaceutical operations.

The distribution agreement represents a three-way partnership between Cenway, Cesco, and Heliojet Cleaning Technologies, which is based in LeRoy, New York. According to the terms of the contract signed in late 2009, Cesco will supply chemicals, Heliojet will provide equipment, and both will work in tandem to assist Cenway with related support services, including training.

Founded in 1999, Heliojet serves a virtual who's who of Fortune 500 companies including all of the big three US automakers, Chevron and Conoco Phillips, US Steel, Coca-Cola, General Mills, Anheuser Busch, ConAgra Foods, International Paper, Weyerhaeuser, and Georgia Pacific to name a few.

Thomas Woodward, a nationally-recognized authority on the pulp and paper industry, has joined the Cesco team as a consultant.



Thomas Woodward

"We are delighted to have someone of Mr Woodward's caliber on board," stated Karl Larsen, Cesco's President and CEO. "His depth of expertise and experience will add a new dimension to the services we can provide to our clients, and we are extremely honored that he has chosen to work with Cesco."

Cesco's association with Woodward began in 2009 when he began supporting various projects located in the Gulf Coast and here in the Northwest (i.e. currently working on improving operations at Port Townsend Paper, here in Washington). The success of each project is complemented by the working relationship with everyone at Cesco, prompting Larsen to craft a more formal arrangement for future endeavors.

A resident of Scottsville, Virginia, Woodward is a published author, a respected lecturer, and patent holder. He has also served as a leading research scientist and development manager for a well-known international pulp and paper specialty chemical corporation, and as Technical Editor for Recycled Paper News.

Over the course of his distinguished career, Woodward has worked as a consultant and advisor to many leading corporations and government agencies including the US Dept of Agriculture and the US Postal Service. He currently sits on the Board of Directors of CERMA, and has served as a member on various committees associated with the Technical Association of the Pulp and Paper Industry (TAPPI).

In addition to his technical affiliation with Cesco Solutions, Woodward also serves as Director of Technology for EnzChem Associates, a Virginia-based company focused on providing enzyme and specialty chemical applications for the pulp and paper industry.

Cesco Salutes STAR Achievers

Exciting New Papermaking Technology Unveiled

Cesco's Titania Maxima® looks to cut TiO₂ additive costs by 50%

Cesco Solutions is introducing a revolutionary new technology that could significantly cut titania waste from the high quality white paper making process.



Titanium Dioxide is a costly, but necessary component

"Typically, 50% of the pigmentary titanium dioxide used in papermaking is wasted. Titania Maxima® looks to provide full first pass retention in the paper sheet, which cuts the amount of titania used by our customers up to half," explained Cesco's Dr Jeff Mao. Mao, a research chemist and project manager, developed the proprietary technology, which is currently being offered to a few selected Cesco clients.

Titanium is a well-known mineral additive which is used in paper making to increase brightness and opacity.

In recent years, the uses for, and subsequently the demand for, titania has grown significantly. As with any commodity, costs fluctuate with market conditions. At more than \$1 per pound, TiO₂ can typically cost the papermaker anywhere from \$10 to over \$50 per ton of paper produced. Obviously, a 50% reduction equates to a lot of money.

"If a mill is using 1000 tons a year, Titania Maxima® could easily save more than a million dollars a year in titania costs," stated Paul Aegerter, Vice President of Sales and Marketing for Cesco. "This is significant, because it allows mills to slash costs while still delivering the kind of high-quality product demanded by the marketplace."

"These savings are immediate and permanent," added Aegerter. "While nontoxic, titania waste and mining are legitimate environmental concerns. Less waste is a win-win situation for all concerned."

In addition to its designed ability to cut

Award Honors the Best of the Best

Jeff Mao and Dave Reudink are the latest two Cesco team members to be honored as STAR Performers.



Jeff Mao is presented with Cesco's STAR Award by Karl Larsen

The award, which recognizes exemplary performance, was presented by Cesco President and CEO Karl Larsen during a ceremony in Bellingham, WA on January 22, 2010.

Normally, only one award is handed out per conference. However, the judging committee was so impressed by the contributions of Mao and Reudink, that it decided both were deserving of the STAR award, the highest honor that Cesco confers upon its team members.

"The achievements of Dave and Jeff are an inspiration to everyone at Cesco," stated Mr Larsen. "While we honor them with this award, perhaps the most meaningful benefit is working alongside these gentlemen (which is always a pleasure and very productive)."

"Dave really took the reigns during a very difficult sales period. In addition to his own direct account responsibilities, he really stepped it up in areas of training, mentoring, and covering staffing gaps. Dave was truly the glue that held many of our pulp and paper customers together during a difficult time."

"Meanwhile, on the other side of the equation we had Jeff, whose creative brilliance is only matched by a tireless and tenacious work ethic. As a research scientist, Jeff provides that rare combination of amazing creativity with laser-like focus. His achievements across multiple venues have not just added to Cesco's product offerings, but also enhanced our reputation as an innovative company."

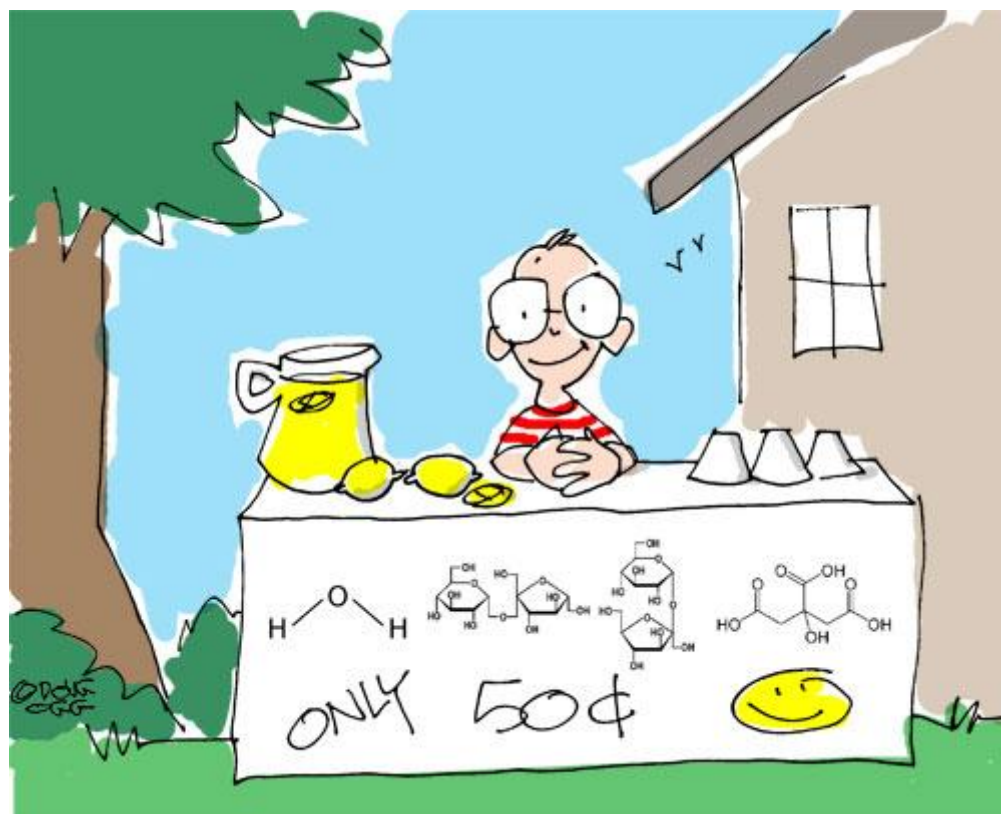
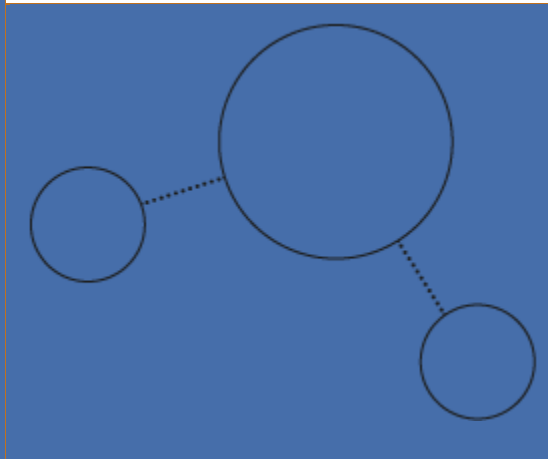
Mr Reudink, who works in sales, has been with Cesco since 2001. Dr Mao joined Cesco in 2008 as a research chemist based out of the Bellingham office. (Please see related story at left concerning Dr Mao's work on the development of Titania Maxima®.)

STAR is an acronym for Sales Talent Acquisition Retention, a process utilizing the Objective Management Group (OMG) screening tools as a means to recognize key

dosages (and therefore costs) of titanium dioxide by half, Titania Maxima® also increases the retention of fines and other mineral particles such as GCC and PCC, while reducing other production costs including those associated with cationic starch and steam consumption in the dryer section. In addition, Titania Maxima® may reduce the need for polymer treatment of recycled white water for further cost savings.

Titania Maxima® is just the latest technology to be developed by Mao, who received his doctorate in the field of Paper Science and Engineering from the University of Washington. A native of China, Mao has distinguished himself with a number of innovative new products during his tenure with Cesco Solutions. Most recently, Mao was honored with the company's STAR Award. (Please see related story at right.)

contributions by staff across several metrics.



Human Chemis try

Each issue, we hope to bring you a bit of fun.

Enjoy!

We hope you've enjoyed our premier issue - we thank you for your interest, and we appreciate the opportunity to share with you.

Sincerely,

Karl Larsen, President
Cesco Solutions, Inc.