ERIE INDEMNITY CO
Form 4
March 02, 2006

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL
OMB Number: 3235-0287
Expires: January 31, 2005
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(Print or Type Responses)

1. Name and Address of Reporting Person *
DUFALA GEORGE D
(Last) (First) (Middle)
100 ERIE INSURANCE PLACE
(Street)
ERIE, PA 16530
(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
ERIE INDEMNITY CO [ERIE]

3. Date of Earliest Transaction (Month/Day/Year)
03/01/2006

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer
(Check all applicable)
_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
Senior Vice President

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Class A Common Stock	03/01/2006		J[(1)]		10.451	A	$ 0	628.0853	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Owne Follo Repo Trans (Instr
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares		

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
DUFALA GEORGE D 100 ERIE INSURANCE PLACE ERIE, PA 16530			Senior Vice President	

Signatures

By: Linda A. Etter, Power of Attorney	03/02/2006
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Participant directed transaction under 401(k) Plan

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
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LIABILITIES AND STOCKHOLDERS EQUITY

Current liabilities

Debt payable within one year

$

1.3

$

$

$

$

1.3

Accounts payable

13.7

37.3

23.7

74.7

Explanation of Responses:

Intercompany amounts payable

33.6

(33.6

)

Accrued salaries and employee benefits

8.1

15.5

3.0

26.6

Accrued income taxes

	10.2
	10.2
Accrued expenses	
	6.5
	8.9
	1.3
	16.7
Total current liabilities	
	29.6
	95.3
	38.2

(33.6

)

129.5

Long-term Debt

282.3

282.3

Deferred Income Taxes

35.8

35.8

Explanation of Responses:

Noncurrent Employee Benefits	
	24.2
	50.4
	34.6
	109.2
Other Noncurrent Obligations	
	2.4
	0.6
	3.0
TOTAL LIABILITIES	
	338.5

146.3

108.6

(33.6

)

559.8

STOCKHOLDERS EQUITY

184.9

110.0

231.8

(341.8

)

184.9

TOTAL LIABILITIES AND STOCKHOLDERS EQUITY

$

523.4

$

256.3

$

340.4

$

(375.4

)

$

744.7

Explanation of Responses:

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Explanation of Responses:

Explanation of Responses:

Explanation of Responses:

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

For the Nine Months Ended September 30, 2007

	Neenah Paper, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated Amounts
OPERATING ACTIVITIES					
Net income	$ 32.7	$ 8.3	$ 23.9	$ (32.2)	32.7
Adjustments to reconcile net income to net cash provided by operating activities					
Depreciation and amortization	11.3	11.9	10.3		33.5
Stock-based compensation	4.6	0.2	0.3		5.1
Deferred income tax (benefit) provision	(2.0)	1.5	(9.7)		(10.2)
Gain on sale of woodlands		(4.5)			(4.5)
Loss on asset dispositions	0.2				0.2
Increase in working capital, net of effects of acquisitions	0.9	(7.2)	(6.2)		(12.5)
Excess tax benefit from stock-based compensation	(0.5)				(0.5)
Equity in earnings of subsidiaries	(32.2)			32.2	
Pension and other post-employment benefits	0.4	(1.1)	1.7		1.0
Other	(0.1)	(0.5)	0.3		(0.3)
NET CASH PROVIDED BY OPERATING ACTIVITIES	15.3	8.6	20.6		44.5
INVESTING ACTIVITIES					
Capital expenditures	(10.0)	(7.9)	(19.3)		(37.2)
Acquisition cost of Fox River, net of cash acquired	(54.7)				(54.7)
Additional acquisition cost of Neenah Germany	(1.5)				(1.5)
Other		(0.4)	0.1		(0.3)
NET CASH USED IN INVESTING ACTIVITIES	(66.2)	(8.3)	(19.2)		(93.7)
FINANCING ACTIVITIES					
Proceeds from issuance of long-term debt	62.2		13.3		75.5
Debt issuance costs	(1.0)				(1.0)
Repayments of long-term debt	(20.8)				(20.8)
Short-term borrowings			4.8		4.8
Repayments of short-term debt			(5.0)		(5.0)
Cash dividends paid	(4.5)				(4.5)
Proceeds from exercise of stock options	3.7				3.7
Excess tax benefit from stock-based compensation	0.5				0.5
Other	(0.1)				(0.1)
Intercompany transfers - net	8.2	0.8	(9.0)		
NET CASH PROVIDED BY FINANCING ACTIVITIES	48.2	0.8	4.1		53.1
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		0.3	0.4		0.7
NET CHANGE IN CASH AND CASH EQUIVALENTS	(2.7)	1.4	5.9		4.6
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	0.1	0.5	1.0		1.6
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ (2.6)	$ 1.9	$ 6.9	$	$ 6.2

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Explanation of Responses:

Explanation of Responses:

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

For the Nine Months Ended September 30, 2006

	Neenah Paper, Inc.	Guarantor Subsidiaries	Consolidating Adjustments	Consolidated Amounts
OPERATING ACTIVITIES				
Net income	$ 59.8	$ 59.6	$ (59.6)	$ 59.8
Adjustments to reconcile net income to net cash provided by operating activities				
Depreciation and amortization	9.2	11.8		21.0
Stock-based compensation	3.7	0.2		3.9
Deferred income tax benefit	(5.5)	33.9		28.4
Gain on sale of woodlands		(124.1)		(124.1)
Loss on disposal of Terrace Bay		6.5		6.5
Loss on other asset dispositions	(0.5)	0.3		(0.2)
Decrease in working capital	(10.2)	48.7		38.5
Equity in earnings of subsidiaries	(59.6)		59.6	
Pension and other post-employment benefits	2.9	(1.0)		1.9
Loss on curtailment and partial settlement of pension plan		26.4		26.4
Contribution to settle pension liabilities		(10.8)		(10.8)
Other	(0.6)	2.0		1.4
NET CASH PROVIDED BY OPERATING ACTIVITIES	(0.8)	53.5		52.7
INVESTING ACTIVITIES				
Capital expenditures	(8.0)	(7.4)		(15.4)
Net proceeds from sale of woodlands		134.8		134.8
Payment for transfer of Terrace Bay		(18.6)		(18.6)
Other	0.3	(1.2)		(0.9)
NET CASH PROVIDED BY INVESTING ACTIVITIES	(7.7)	107.6		99.9
FINANCING ACTIVITIES				
Repayments of long-term debt	(0.9)			(0.9)
Short-term borrowings	0.6			0.6
Repayments of short-term debt	(0.5)			(0.5)
Cash dividends paid	(4.4)			(4.4)
Proceeds from exercise of stock options	0.4			0.4
Intercompany transfers - net	160.4	(160.4)		
NET CASH USED BY FINANCING ACTIVITIES	155.6	(160.4)		(4.8)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS				
NET INCREASE IN CASH AND CASH EQUIVALENTS	147.1	0.7		147.8
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	12.0	0.6		12.6
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 159.1	$ 1.3	$	$ 160.4

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Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis presents the factors that had a material effect on our financial position as of September 30, 2007 and our results of operations for the three and nine months ended September 30, 2007 and 2006. You should read this discussion in conjunction with our consolidated and combined financial statements and the notes to those consolidated and combined financial statements included in our most recent Annual Report on Form 10-K. This Management s Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements. See Forward-Looking Statements for a discussion of the uncertainties, risks and assumptions associated with these statements.

In this report, unless the context requires otherwise, references to we, us, our, Neenah or the Company are intended to mean Neenah Paper, and its consolidated subsidiaries.

(Tabular amounts in millions, except as noted)

Executive Summary

During 2006, we completed several complementary strategic initiatives: (1) we sold 500,000 acres of woodlands in Nova Scotia, (2) we divested our Terrace Bay pulp operations and (3) we acquired the German technical and specialty paper business of FiberMark, Inc. (FiberMark). During the first quarter of 2007, our strategic initiatives continued with the purchase of Fox River (as defined below) to add scale, well-known brands and integration benefits as we combine Fox River with our existing fine paper business.

Our operating results for the three months ended September 30, 2007 reflect the benefits of these strategic initiatives as consolidated net sales of $251.9 million were $110.5 million higher than the prior year period primarily due to increased volume from the acquisitions of Neenah Germany and Fox River. Consolidated operating income of $16.3 million for the three months ended September 30, 2007 increased $5.8 million compared to 2006 primarily due to incremental earnings of Neenah Germany, higher average selling prices, particularly prices for softwood pulp at our Pictou mill, and the absence in 2007 of losses on pulp price hedges in the prior year.

These strategic initiatives substantially changed the composition of our business and reduced our exposure to the cyclical pulp market. During the three months ended September 30, 2007, our paper businesses (fine paper and technical products) represented approximately 78 percent of our consolidated net sales. This compares to our paper businesses representing approximately 55 percent of our consolidated net sales for the first quarter of 2006, prior to the transfer of the Terrace Bay pulp operations.

Following is a more detailed discussion of these strategic activities:

Sale of Woodlands

In June 2006, our wholly owned subsidiary, Neenah Paper Company of Canada (Neenah Canada) completed the sale of approximately 500,000 acres of woodlands in Nova Scotia to Atlantic Star Forestry LTD and Nova Star Forestry LTD (collectively, the Purchaser) for net cash proceeds of $134.8 million. Neenah Canada also entered into a fiber supply agreement (the FSA) with the Purchaser to secure a source of fiber for our Pictou pulp mill. Following the sale, Neenah Canada has approximately 500,000 acres of owned and 200,000 acres of licensed or managed woodlands in Nova Scotia.

Pursuant to the terms of the FSA, the Purchaser is required to make available to the Pictou mill sufficient woodlands acreage to yield 200,000 metric tons of softwood timber annually. The FSA expires in December 2010 and Neenah Canada has the option to unilaterally extend the FSA for an additional five years. Also, the FSA can be extended for an additional five years upon the mutual agreement of Neenah Canada and the Purchaser.

The sale qualified for gain recognition under the full accrual method described in Statement of Financial Accounting Standards No. 66, *Accounting for Sales of Real Estate* (SFAS 66). As a result, Neenah Canada recognized a pre-tax gain on the sale of approximately $122.6 million and deferred approximately $9.0 million, which represents Neenah Canada s estimated maximum exposure to loss under the FSA.

Divestiture of Terrace Bay

Manufacturing at our Terrace Bay, Ontario pulp operation was suspended in February 2006 when the mill s fiber supply was exhausted as a result of a strike initiated in January 2006 by workers employed by the woodlands operations that supplied wood fiber to the mill. Most of the hourly and salaried workers employed at the mill were laid off during the two weeks following the suspension of manufacturing activities.

In August 2006, Neenah Canada transferred the Terrace Bay pulp mill and related woodlands operations (Terrace Bay) to affiliates of Buchanan Forest Products Ltd. (Buchanan). Buchanan assumed responsibility for substantially all liabilities related to the future operation of the mill in exchange for a payment of $18.6 million. At closing, in addition to certain working capital amounts, Neenah Canada retained certain long-term disability obligations for current and former mill employees and post-employment medical and life insurance liabilities for current retirees.

Acquisition of Neenah Germany

In October 2006, we completed the purchase of the stock of FiberMark Services GmbH & Co. KG and the stock of FiberMark Beteiligungs GmbH (collectively, Neenah Germany). Neenah Germany was acquired from FiberMark and FiberMark International Holdings for approximately $220 million in cash, including $1.5 million paid in the first quarter of 2007 primarily for the adjusted value of working capital at the acquisition date. The transaction was financed through available cash and debt drawn against our existing revolving credit facility.

The assets acquired as a result of the acquisition of Neenah Germany consist of two mills located near Munich, Germany and a third mill near Frankfurt, Germany that produce a wide range of products, including transportation and other filter media, nonwoven wall coverings, masking and other tapes, abrasive backings, and specialized printing and coating substrates. The results of Neenah Germany are being reported as part of our Technical Products segment and have been included in our consolidated financial results since the acquisition date.

Acquisition of Fox River

In March 2007, we acquired the stock of Fox Valley Corporation and its subsidiary Fox River Paper Company, LLC (collectively, Fox River) for $54.7 million in cash (net of cash acquired). Included in such acquisition costs were amounts for the repayment of debt, the payoff of deferred employee compensation obligations of the acquired companies and fees and expenses directly related to the acquisition. We financed the acquisition through a combination of cash and debt drawn against our existing revolving credit facility. The assets acquired as a result of the acquisition of Fox River consist of four U.S. paper mills and various related assets, producing premium fine papers with well-known brands including STARWHITE®, SUNDANCE®, ESSE® and OXFORD®. The acquisition of Fox River strengthens our fine paper business by providing added scale and the ability to offer a broader array of premium branded products and better service to our customers. We believe that the added scale provided by Fox River will result in improved earnings but profit margins that are lower than those historically reported for our existing fine paper business. The results of Fox River are being reported as part of our Fine Paper segment and have been included in our consolidated financial results since the acquisition date.

During the second quarter of 2007, we completed the previously announced permanent closure of the Housatonic mill, located near Great Barrington, Massachusetts. In June 2007, we announced plans to permanently close the fine paper mill located in Urbana, Ohio (the Urbana mill). Manufacturing operations at the Urbana mill ceased in September 2007. Converting operations at the Urbana mill are expected to be phased out over the next six to nine months. The closure of the Housatonic and Urbana mills, will allow us to maximize cost efficiencies by shifting fine paper manufacturing to utilize existing available capacity at our other high quality fine paper mills. In addition, we have substantially completed the process of identifying and notifying certain Fox River sales and administrative employees who will be terminated as the acquired business is integrated with our existing fine paper business.

In conjunction with the acquisition of Fox River, we recorded liabilities of approximately $11.4 million for the cost of post-acquisition restructuring activities in accordance with Emerging Issues Task Force Issue 95-3 *Recognition of Liabilities in Connection with a Purchase Business Combination*. Such costs include approximately $6.3 million for severance benefits for approximately 340 affected employees, contract termination costs of approximately $3.4 million and approximately $1.7 million for environmental clean-up and monitoring costs. For the nine months ended September 30, 2007, we made termination benefit payments of approximately $2.5 million to 230 employees. Pursuant to the terms of employment agreements with certain former Fox River executives, approximately $2.2 million in severance benefits will be paid over a period of 18 to 36 months from the date of acquisition. For the nine months ended September 30, 2007, we made payments of approximately $0.5 million under such agreements. We expect the payment of all other severance benefits to be substantially complete within one year from the date of acquisition.

Results of Continuing Operations

During the three months ended September 30, 2007, our operating results benefited from the strategic initiatives described above as consolidated net sales increased 78 percent. Consolidated net sales were $110.5 million higher in the three months ended September 30, 2007 compared to the prior year period primarily due to increased volume in our paper businesses from the acquisitions of Neenah Germany and Fox River. Consolidated operating income of $16.3 million for the three months ended September 30, 2007 increased $5.8 million compared to 2006 primarily due to incremental earnings of Neenah Germany, higher average selling prices, particularly prices for softwood pulp at our Pictou mill, and the absence in 2007 of losses on pulp price hedges in the prior year. The benefits of increased volume from Fox River were largely offset by a less favorable product mix due to the inclusion of Fox River volume with relatively lower margins, the addition of direct selling and administrative costs for Fox River, and costs related to the integration of Fox River and our existing fine paper operations.

Results of Discontinued Operations

For the three months ended September 30, 2007, we incurred an after-tax loss from discontinued operations of $1.1 million compared to an after-tax loss of $19.0 million in the prior year period. The loss in the current quarter primarily reflects costs associated with employee benefit liabilities retained by Neenah Canada.

In August 2006, we initiated the process to settle our pension obligations under the Ontario, Canada defined benefit pension plan (the Ontario Plan). In July 2007, the Financial Services Commission of Ontario approved our request to settle our pension obligations for active employees and terminate the Ontario Plan. We expect termination of the Ontario Plan to be completed by January 2008. We will, however, continue to recognize costs associated with the Ontario Plan until our pension obligations are settled. We expect to record a loss of approximately $40 million when we settle the pension obligations for the Ontario Plan. The amount of any funds that we may pay or receive to settle the Ontario Plan are dependent upon, among other things, an actuarial determination of the value of the obligations being settled, the cost of annuity contracts and employee elections. We do not, however, currently anticipate any additional funding will be required to settle the Ontario Plan.

For the three months ended September 30, 2006, net sales of discontinued operations of $2.2 million were primarily due to the liquidation of finished goods inventory during the suspension of manufacturing operations at Terrace Bay. We did not have any sales from discontinued operations in the three months ended September 30, 2007 due to the transfer of Terrace Bay to Buchanan in August 2006. For the three months ended September 30, 2006, the loss from discontinued operations includes a pre-tax loss of $26.4 million related to the curtailment of the Ontario Plan.

Explanation of Responses:

Income Taxes

For the three months ended September 30, 2007, we recorded a tax benefit of $6.6 million compared to tax expense of $3.1 million in the prior year period. As a result, our effective income tax (benefit) provision rate for the three months ended September 30, 2007 and 2006 was approximately was approximately (67) percent and 40 percent, respectively. During the three months ended September 30, 2007, German tax laws were amended to reduce statutory income tax rates effective as of January 1, 2008. Application of the new rates to our existing deferred tax assets and liabilities reduced our net deferred tax liabilities at September 30, 2007. The reduction in our net deferred tax liabilities due to the benefit of the tax rate change resulted in an income tax benefit of $8.9 million and was treated as a discrete item for the three months ended September 30, 2007 in accordance with Statement of Financial Accounting Standards No. 109, *Accounting for Income Taxes* and will have no further impact on our effective tax rate in 2007. We expect the effective income tax rate for the balance of 2007 to be approximately 30 percent. In addition, we expect an additional three percentage point decrease in our effective income tax rate in 2008 when the new German tax law becomes effective.

Results of Operations and Related Information

In this section, we discuss and analyze our net sales, operating income and other information relevant to an understanding of our results of operations for the three and nine months ended September 30, 2007 and 2006.

Analysis of Net Sales Three and Nine months Ended September 30, 2007 and 2006

The following table presents net sales by segment, expressed as a percentage of total net sales before the elimination of intersegment sales:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
Fine Paper	38%	38%	37%	40%
Technical Products	40%	24%	41%	24%
Pulp	22%	38%	22%	36%
Total	100%	100%	100%	100%

The following table presents our net sales by segment for the periods indicated:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
Net sales				
Fine Paper	$ 95.3	$ 53.8	$ 271.2	$ 169.2
Technical Products	99.9	33.5	303.1	100.3
Pulp	56.7	54.2	160.7	149.4
Intersegment sales		(0.1)	(0.3)	(1.8)
Consolidated	$ 251.9	$ 141.4	$ 734.7	$ 417.1

Commentary:

Three Months Ended September 30, 2007 Compared to the Three Months Ended September 30, 2006

	Change in Net Sales Compared to Prior Period		
		Change Due To	
	Total Change	Volume	Average Net Price
Fine Paper	$ 41.5	$ 51.3	$ (9.8)
Technical Products	66.4	64.3	2.1
Pulp (a)	2.5	(5.1)	7.6
Intersegment sales	0.1	0.1	
Consolidated	$ 110.5	$ 110.6	$ (0.1)

(a) Sales of pulp by our Canadian manufacturing facilities are invoiced in U.S. dollars in accordance with industry practice; therefore, no currency effects are presented in our analysis of the change in net sales for our pulp operations.

Consolidated net sales of $251.9 million in the three months ended September 30, 2007 were $110.5 million higher than the prior year period primarily as a result of increased volume in our paper businesses due to the acquisitions of Neenah Germany in October 2006 and Fox River in March 2007.

Net sales in our fine paper business of $95.3 million increased $41.5 million or 77 percent as shipment volumes increased 92 percent primarily due to the acquisition of Fox River. Lower average net price was primarily the result of a less favorable product mix due to selling a higher proportion of lower priced grades, primarily Fox River grades, partially offset by the realization of price increases implemented during the second quarter of 2007.

Net sales in our technical products business of $99.9 million increased $66.4 million or approximately 200 percent primarily due to the acquisition of Neenah Germany, and to a lesser extent, an improved product mix and favorable pricing. The improvement in average net price reflected a more favorable product mix due to selling a larger proportion of Graphics and Identification products such as decorative components and image transfer with relatively higher prices, an improved mix of tape products and higher selling prices for most products.

Net sales in our pulp business of $56.7 million increased $2.5 million or five percent primarily due to higher market prices for softwood pulp and the absence in 2007 of losses on pulp price hedges in the prior year, partially offset by a decrease in softwood pulp shipments. Average market prices for softwood pulp increased approximately 13 percent versus the prior year. Shipments decreased 11 percent due to very strong volume in the prior year.

Commentary:

Nine months Ended September 30, 2007 Compared to the Nine months Ended September 30, 2006

	Change in Net Sales Compared to Prior Period		
		Change Due To	
	Total Change	Volume	Average Net Price
Fine Paper	$ 102.0	$ 117.8	$ (15.8)
Technical Products	202.8	195.9	6.9
Pulp (a)	11.3	(7.4)	18.7
Intersegment sales	1.5	1.5	
Consolidated	$ 317.6	$ 307.8	$ 9.8

(a) Sales of pulp by our Canadian manufacturing facilities are invoiced in U.S. dollars in accordance with industry practice; therefore, no currency effects are presented in our analysis of the change in net sales for our pulp operations.

Consolidated net sales of $734.7 million in the nine months ended September 30, 2007 were $317.6 million higher than the prior year primarily as a result of increased volume in our paper businesses due to the acquisitions of Neenah Germany and Fox River. In addition, the current year benefited from higher market prices for softwood pulp and the realization of price increases in our technical products business, partially offset by a less favorable product mix in our fine paper business.

Net sales in our fine paper business of $271.2 million increased $102.0 million or 60 percent. This improvement was consistent with the 60 percent increase in shipment volume due to the acquisition of Fox River. Lower average net price was primarily the result of a less favorable product mix due to selling a higher proportion of lower priced grades, primarily Fox River grades, partially offset by improved pricing for branded products.

Net sales in our technical products business of $303.1 million increased $202.8 million or more than 200 percent primarily due to the acquisition of Neenah Germany, and to a lesser extent, improved product mix and prices. The improvement in average net price reflected a more favorable product mix due to higher priced grades representing an increased proportion of sales and increased selling prices for most products.

Net sales in our pulp business of $160.7 million increased $11.3 million or eight percent primarily as a result of higher market prices for softwood pulp and the absence in 2007 of losses on pulp price hedges in the prior year, partially offset by a three percent decrease in shipment volume. Average market prices for softwood pulp increased approximately 18 percent versus the prior year. The increase in pulp prices was partially offset by lower shipments of logs to sawmills and veneer manufacturers due to the sale of a portion of our woodlands in June 2006.

The following table sets forth line items from our condensed consolidated statements of operations as a percentage of net sales for the periods indicated and is intended to provide a perspective of trends in our historical results:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
Net sales	100.0%	100.0%	100.0%	100.0%
Cost of products sold	87.0	85.9	85.4	83.3
Gross profit	13.0	14.1	14.6	16.7
Selling, general and administrative expenses	8.1	9.2	8.2	9.6
Gain on sale of woodlands	(0.6)	(1.1)	(0.6)	(29.7)
Other income - net	(1.0)	(1.5)	(0.5)	(1.4)
Operating income	6.5	7.5	7.5	38.2
Interest expense-net	2.5	2.0	2.5	2.7
Income from continuing operations before income taxes	4.0	5.5	5.0	35.5
Provision for income taxes	(2.6)	2.2	0.2	13.4
Income from continuing operations	6.6%	3.3%	4.8%	22.1%

Analysis of Operating Income Three and Nine months Ended September 30, 2007 and 2006

The following table sets forth our operating income (loss) by segment for the periods indicated:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
Operating income (loss)				
Fine Paper	$ 9.3	$ 12.8	$ 34.9	$ 43.9
Technical Products	3.2	0.9	22.1	5.8
Pulp	6.7	(0.3)	8.6	119.2
Unallocated corporate costs	(2.9)	(2.9)	(10.3)	(9.5)
Consolidated	$ 16.3	$ 10.5	$ 55.3	$ 159.4

Commentary:

Three Months Ended September 30, 2007 Compared to the Three Months Ended September 30, 2006

	Change in Operating Income Compared to Prior Period					
		Change Due To				
	Total Change	Volume	Net Price (a)	Material Costs (b)	Currency	Other (c)
Fine Paper	$ (3.5)	$ 18.8	$ (14.6)	$ (0.9)	$	$ (6.8)
Technical Products	2.3	3.0	1.1	(0.7)		(1.1)
Pulp	7.0	(1.4)	8.1	(2.6)	(3.3)	6.2
Consolidated	$ 5.8	$ 20.4	$ (5.4)	$ (4.2)	$ (3.3)	$ (1.7)

(a) Includes changes in selling price changes and product mix.

(b) Includes price changes for raw materials and energy.

(c) Includes other materials, manufacturing labor, distribution and selling, general and administrative expenses.

Consolidated operating income of $16.3 million for the three months ended September 30, 2007 increased $5.8 million from the prior year period primarily due to higher market prices for softwood pulp and the added earnings of Neenah Germany, partially offset by increased fiber costs and a stronger Canadian dollar. Higher volumes in our fine paper business, due to the acquisition of Fox River, were largely offset by a less favorable mix and increased costs for selling and other expenses.

Operating income for our fine paper business of $9.3 million decreased $3.5 million from the prior year period primarily due to a less favorable product mix and higher fiber and other costs. The increase in other costs was primarily due to additional direct selling and administrative expenses for the acquired Fox River business, higher distribution costs and costs related to the integration of Fox River and our existing fine paper operations. These unfavorable factors were only partially offset by increased volume related to the acquisition of Fox River and improved pricing for branded products.

Operating income for our technical products business of $3.2 million increased $2.3 million from the prior year primarily due to the additional earnings of Neenah Germany, partially offset by higher fiber and energy costs. The increase in energy cost was primarily due to the failure of a steam turbine. The increase in average net price due to a more favorable product mix and higher selling prices for most products was largely offset by increased manufacturing costs as a result of annual maintenance downtime.

Operating income for our pulp business of $6.7 million increased $7.0 million compared to an operating loss of $0.3 million in 2006 primarily due to higher market prices for softwood pulp in 2007, the absence in 2007 of losses on pulp price hedges of $4.2 million in the prior year period and lower distribution and employee benefit costs. These favorable factors were partially offset by increased costs related to fiber purchases and a stronger Canadian dollar. The increase in fiber costs was primarily due to the limited availability of residual wood chips from sawmills related to overall business conditions in the Canadian lumber market.

Commentary:

Nine months Ended September 30, 2007 Compared to the Nine months Ended September 30, 2006

	Change in Operating Income (Loss) Compared to Prior Period					
				Change Due To		
	Total Change	Volume	Net Price (a)	Material Costs (b)	Currency	Other (c) (d)
Fine Paper	$ (9.0)	$ 41.5	$ (36.0)	$ (1.9)	$	$ (12.6)
Technical Products	16.3	16.3	3.7	(2.5)		(1.2)
Pulp	(110.6)	(0.8)	24.1	(6.0)	(7.0)	(120.9)
Unallocated corporate costs	(0.8)					(0.8)
Consolidated	$ (104.1)	$ 57.0	$ (8.2)	$ (10.4)	$ (7.0)	$ (135.5)

(a) Includes changes in selling price changes and product mix.

(b) Includes price changes for raw materials and energy.

(c) Includes other materials, manufacturing labor, distribution and selling, general and administrative expenses.

(d) Includes $4.5 million and $124.1 million for gain on sale of woodlands and amortization of the deferred gain on sale in the nine months ended September 30, 2007 and 2006, respectively.

Consolidated operating income of $55.3 million for the nine months ended September 30, 2007 decreased $159.4 million compared to 2006 primarily due to the gain on the sale of woodlands in the prior year. Excluding the gain on sale of woodlands in 2006 and the recognition of $4.5 million of the deferred gain on the sale of woodlands in the current year, operating income increased $15.5 million compared to the prior year primarily due to the added earnings of Neenah Germany, an improved sales mix in our technical products business and higher selling prices, particularly for softwood pulp. These factors were partially offset by the timing of costs associated with scheduled maintenance downtime at our Pictou mill and increased manufacturing cost inputs and unfavorable currency effects due to a stronger Canadian dollar. The benefit of increased volume in our fine paper business associated with the acquisition of Fox River was largely offset by a less favorable product mix, direct selling and administrative expenses of Fox River and costs related to the integration of Fox River.

Operating income for our fine paper business of $34.9 million decreased $9.0 million from the prior year period primarily due to a less favorable product mix and higher fiber and other costs. The increase in other costs was primarily due to higher distribution costs, additional direct selling and administrative expenses for the Fox River business and costs related to the integration of Fox River and our existing fine paper operations. In addition, approximately $1.9 million of profits associated with the Fox River acquisition were capitalized as part of beginning inventory values under purchase accounting. These unfavorable factors were only partially offset by increased volume as a result of the acquisition of Fox River and higher average selling prices.

Operating income for our technical products business of $22.1 million increased $16.3 million from the prior year primarily as a result of the additional earnings of Neenah Germany and favorable average net price, partially offset by higher fiber costs. Favorable average prices were primarily due to an improved product mix and higher selling prices for most products.

Operating income for our pulp business of $8.6 million decreased $110.6 million from the prior year primarily due to the gain on the sale of woodlands in 2006. Excluding the gain on sale of woodlands and the recognition of $4.5 million of the deferred gain on the sale of woodlands in the current year, our pulp business had operating income of $4.1 million compared to an operating loss of $4.9 million in the prior year. The improvement in operating results was primarily due to higher market prices for softwood pulp and the absence in 2007 of losses of $6.7 million on pulp price hedges in the prior year. These favorable factors were partially offset by the timing of costs associated with scheduled maintenance downtime, increased fiber costs and unfavorable currency translation effects.

Unallocated corporate expenses increased by $0.8 million primarily due to costs associated with an executive retirement and increased non-cash stock-based compensation.

Additional Statement of Operations Commentary:

Selling, general and administrative (SG&A) expenses of $20.5 million for the three months ended September 30, 2007 increased $7.4 million from the prior year period primarily due to direct added costs for the acquired businesses. As a percentage of sales, SG&A expense decreased from 9.2 percent for the three months ended September 30, 2006 to 8.1 percent in the current year.

For the three months ended September 30, 2007 and 2006, we incurred $6.4 million and $2.8 million, respectively, of net interest expense (including $0.5 million of amortization of debt issuance costs in each three-month period). The increase in net interest expense was primarily due to borrowings under our bank credit agreement to partially finance the acquisitions of Neenah Germany and Fox River.

For the three months ended September 30, 2007, we recorded a tax benefit of $6.6 million compared to tax expense of $3.1 million in the prior year period. As a result, our effective income tax (benefit) provision rate for the three months ended September 30, 2007 and 2006 was approximately was approximately (67) percent and 40 percent, respectively. The change was primarily due to the application of a new tax law in Germany to our existing deferred tax assets and liabilities which reduced our net deferred tax liabilities at September 30, 2007. The effect of this tax rate benefit is treated as a discrete item for the three months ended September 30, 2007 in accordance with Statement of Financial Accounting Standards No. 109, *Accounting for Income Taxes* and will have no further impact on our effective tax rate in 2007. We expect the effective income tax rate for the balance of 2007 to be approximately 30 percent. In addition, we expect an additional three percentage point decrease in our effective income tax rate in 2008 when the new German tax law becomes effective.

Liquidity and Capital Resources

	Nine Months Ended September 30, 2007	2006
Net cash flow provided by (used in):		
Operating activities	$ 44.5	$ 52.7
Investing activities, including capital expenditures	(93.7)	99.9
Capital expenditures	(37.2)	(15.4)
Financing activities	53.1	(4.8)

Operating Cash Flow Commentary:

Cash provided by operations of $44.5 million for the nine months ended September 30, 2007 decreased $8.2 million from the comparable prior year period primarily due to the liquidation of Terrace Bay working capital in 2006, partially offset by contributions to settle pension liabilities in the Ontario Plan. The reduction in working capital in 2006 of $38.5 million compares to an increase in working capital in 2007 of $12.5 million. The increase in working capital in the current year was primarily due to higher accounts receivable for Neenah Germany and our pulp business partially offset by an increase in amounts payable for income taxes and interest. The increase in our investment in working capital in the current year was partially offset by higher earnings (excluding the non-cash effects of deferred income taxes and the gain on sale of woodlands).

Investing Commentary:

For the nine months ended September 30, 2007, cash used in investing activities was $93.7 million versus cash provided by investing activities of $99.9 million in the prior year period. Cash used in investing activities for the nine months ended September 30, 2007 was primarily due to spending of $54.7 million for the acquisition of Fox River and capital expenditures of $37.2 million. Cash provided by investing activities in the nine months ended September 30, 2006 was due to proceeds of $134.8 million from the sale of woodlands, partially offset by capital expenditures of $15.4 million and a payment to Buchanan of $18.6 million related to the transfer of Terrace Bay. Capital expenditures of $37.2 million for the nine months ended September 30, 2007 more than doubled from the comparable prior year period. Capital expenditures in the first nine months of 2007 were primarily for major projects to increase capacity and improve efficiency at Neenah Germany and spending for capital projects in our pulp business associated with scheduled maintenance downtime. In general, our 2007 capital expenditures in Neenah Germany will be financed from locally generated cash flow and government subsidized financing. We have aggregate planned capital expenditures for 2007 of approximately $55 million including amounts for our Fox River operations. These capital expenditures are not expected to have a material adverse effect on our financial condition, results of operations or liquidity.

Financing Commentary:

Our liquidity requirements are being provided by cash generated from operations, proceeds from asset sales and short- and long-term borrowings. Availability under our revolving credit facility varies over time depending on the value of our inventory, receivables and various capital assets. As of September 30, 2007, we had $74.7 million outstanding under our revolving credit facility, outstanding letters of credit of $1.6 million and $103.7 million of available credit.

In October 2007, we amended our bank credit agreement to increase available borrowing capacity from $180 to $210 million. Despite the increase in the total commitment, our ability to borrow under the revolving credit facility is limited to the lowest of (a) $210 million, (b) our borrowing base (as defined in the credit agreement), and (c) the applicable cap on the amount of credit facilities under the indenture for our senior notes.

In the nine months ended September 30, 2007, outstanding borrowings under our revolving credit facility increased by $17.4 million primarily to finance the acquisition of Fox River.

In March 2007, we entered into an agreement to borrow up to $25 million (the Term Loan) upon closing the agreement in April 2007. The Term Loan is secured by substantially all of the property, plant and equipment we acquired in the Fox River acquisition and is fully and unconditionally guaranteed by substantially all of our other subsidiaries, except Neenah Germany. The term loan agreement terminates in November 2010. During the second quarter, we borrowed $25 million under the Term Loan to repay amounts outstanding under our revolving credit facility.

During the first nine months of 2007, Neenah Germany incurred 10 million ($14.2 million) of government subsidized project financing. Neenah Germany s use of such funds was restricted to the payment of costs directly related to the construction of a saturator. In addition, Neenah Germany has an unsecured revolving line of credit to finance working capital needs. At September 30, 2007, no amounts were outstanding under such facility.

We paid cash dividends of $0.30 per share or $4.5 million and $4.4 million in the first nine months of 2007 and 2006, respectively.

Management believes that our ability to generate cash from operations and our borrowing capacity are adequate to fund working capital, capital spending and other cash needs for the next 12 months. Our ability to generate adequate cash from operations beyond 12 months, however, will depend on, among other things, our ability to successfully (i) implement our business strategies, (ii) integrate and achieve expected synergies from our Neenah Germany and Fox River acquisitions, (iii) implement other cost cutting initiatives, and (iv) manage the impact of changes in pulp prices and currencies. We can give no assurance that we will be able to successfully implement those strategies, integrate Neenah Germany and Fox River, implement other cost cutting initiatives, or successfully manage our pulp pricing and currency exposures.

Critical Accounting Policies and Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of net sales and expenses during the reporting period. We believe that the estimates, assumptions and judgments described in Management s Discussion and Analysis of Financial Condition and Results of Operations Critical Accounting Policies of our most recent Annual Report on Form 10-K have the greatest potential impact on our financial statements, so we consider these to be our critical accounting policies. The critical accounting policies used in the preparation of the consolidated financial statements are those that are important both to the presentation of financial condition and results of operations and require significant judgments with regard to estimates used. These critical judgments relate to the timing of recognizing sales revenue, the recoverability of deferred income tax assets, pension benefits and future cash flows associated with impairment testing of long-lived assets. Actual results could differ from these estimates, and changes in these estimates are recorded when known. We believe that the consistent application of these policies enables us to provide readers of our financial statements with useful and reliable information about our operating results and financial condition. There has been no significant change in these policies, or the estimates used in the application of the policies, since our 2006 year end, except as follows:

On January 1, 2007, we adopted FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes an interpretation of FASB Statement No. 109* (FIN 48). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise s financial statements in accordance with Statement of Financial Accounting Standards No. 109, *Accounting for Income Taxes*. Our adoption of FIN 48 resulted in a $1.0 million increase in our liability for uncertain income tax positions. As of September 30, 2007, our liability for uncertain income tax positions was $6.9 million. If recognized, approximately $0.7 million of such income tax benefits would favorably affect our effective tax rate in future periods. We do not anticipate that the expiration of the statute of limitations or the settlement of audits in the next 12 months will result in liabilities for uncertain income tax positions that are materially different than the amounts accrued as of September 30, 2007.

Cautionary Note Regarding Forward-Looking Statements

Certain statements in this Quarterly Report on Form 10-Q may constitute forward-looking statements as defined in Section 27A of the Securities Act of 1933 (the Securities Act), Section 21E of the Securities Exchange Act of 1934 (the Exchange Act), the Private Securities Litigation Reform Act of 1995 (the PSLRA), or in releases made by the Securities and Exchange Commission (the SEC), all as may be amended from time to time. Statements contained in this quarterly report that are not historical facts may be forward-looking statements within the meaning of the PSLRA. Any such forward-looking statements reflect our beliefs and assumptions and are based on information currently available to us. Forward-looking statements are only predictions and involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These cautionary statements are being made pursuant to the Securities Act, the Exchange Act and the PSLRA with the intention of obtaining the benefits of the safe harbor provisions of such laws. The Company cautions investors that any forward-looking statements we make are not guarantees or indicative of future performance. For additional information regarding factors that may cause our results of operations to differ materially from those presented herein, please see Risk Factors contained in our most recent Annual Report on Form 10-K and as are detailed from time to time in other reports we file with the SEC.

You can identify forward-looking statements as those that are not historical in nature, particularly those that use terminology such as may, will, should, expect, anticipate, contemplate, estimate, believe, plan, project, predict, potential or continue, or the negative of th In evaluating these forward-looking statements, you should consider the following factors, as well as others contained in our public filings from time to time, which may cause our actual results to differ materially from any forward-looking statement:

general economic conditions, particularly in the United States, Canada and Europe;

fluctuations in global equity and fixed-income markets;

the competitive environment;

fluctuations in commodity prices, exchange rates (in particular changes in the U.S./Canadian dollar and U.S. dollar/Euro currency exchange rates) and interest rates;

the ability to realize anticipated cost savings, and the successful integrations of the former Fox River business and Neenah Germany operations;

the cost or availability of wood, other raw materials and energy;

unanticipated expenditures related to the cost of compliance with environmental and other governmental regulations;

our ability to control costs and implement measures designed to enhance operating efficiencies;

the loss of current customers or the inability to obtain new customers;

the cyclical nature of our pulp business;

increases in the funding requirements for our pension and post-employment liabilities;

changes in asset valuations including write-downs of assets including fixed assets, inventory, accounts receivable or other assets for impairment or other reasons;

our existing and future indebtedness;

strikes, labor stoppages and changes in our collective bargaining agreements and relations with our employees and unions;

other risks that are detailed from time to time in reports we file with the SEC.

Any subsequent written or oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements set forth or referred to above, as well as the risk factors contained in our most recent Annual Report on

Form 10-K. Except as required by law, we disclaim any obligation to update such statements or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future events or developments.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes to the disclosure on this matter made in our Annual Report on Form 10-K for the year ended December 31, 2006.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports we file or submit under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC, and that such information is accumulated and communicated to our management in a timely manner.

As of September 30, 2007, an evaluation was performed under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on that evaluation, our management, including the Chief Executive Officer and Chief Financial Officer, concluded that our disclosure controls and procedures were effective as of September 30, 2007.

Internal Controls over Financial Reporting

During the three months ended March 31, 2007, we implemented new systems for manufacturing and costing, inventory, and order management as phase two of our Enterprise Resource Planning system in our Neenah, Whiting and Munising U.S. operating locations resulting in a material change in our processes and controls over financial reporting at those locations. We assessed the design effectiveness of the internal controls over the key processes affected by the systems changes. We also assessed the design effectiveness of the internal controls over financial reporting for our Neenah Germany manufacturing operations acquired in October 2006 which management had elected to exclude from their assessment made as of December 31, 2006. As a result of these assessments, management believes that we maintained adequate internal control over financial reporting.

There have been no additional changes in our internal control over financial reporting during the three months ended September 30, 2007 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II OTHER INFORMATION

Item 1. Legal Proceedings

In December 2006, certain retirees of Neenah Canada brought a proposed class action lawsuit against Neenah Canada, the Company and Kimberly-Clark Inc. alleging the wrongful reduction and/or elimination of certain retiree benefits following Neenah Canada s transfer of the Terrace Bay pulp and woodlands operations to Terrace Bay Pulp Inc. and Eagle Logging Inc. The plaintiffs allege that the Company and Neenah Canada have breached a contract to provide benefits, breached their fiduciary duty to the plaintiffs and have made negligent misrepresentations regarding retiree benefits. The purported class has not been certified. The plaintiffs are seeking unspecified damages for the value of the loss of retiree medical and health benefits (and/or reinstatement of the reduced/eliminated benefits), plus punitive damages in the amount of $5.0 million Canadian dollars. At this stage of the proceedings, while an adverse outcome of such litigation could be material, the Company believes that any potential liability for such claims is neither probable nor estimable. The Company and Neenah Canada believe they have adequate defenses against such claims and will vigorously defend the litigation.

In February 2007, certain former employees of Neenah Canada who were previously employed in Neenah Canada s Longlac woodlands operations brought suit against the Company and Neenah Canada in the Ontario (Canada) Superior Court of Justice for damages. The plaintiffs claim to have suffered from an alleged wrongful termination of employment by Neenah Canada occurring on or about August 21, 2006. Eagle Logging Inc. (the purchaser of Neenah Canada s Longlac woodlands assets on August 29, 2006), Terrace Bay Pulp Inc. (the purchaser of Neenah Canada s Terrace Bay pulp mill), Buchanan Forest Products Ltd., Lucky Star Holdings Inc. (each affiliates of Eagle Logging Inc. and Terrace Bay Pulp Inc.), Kimberly-Clark Corporation and Kimberly-Clark Inc. have also been named in the lawsuit. The lawsuit seeks damages for severance and notice pay under Ontario law, as well as damages for wrongful termination, breach of contract, conspiracy and punitive damages, among other things. Eagle Logging Inc. and certain affiliated companies have agreed to indemnify and hold the Company and Neenah Canada harmless from claims and damages arising from the termination of woodlands employees prior to the acquisition of Neenah Canada s woodlands assets by Eagle Logging Inc. in 2006. The Company and Neenah Canada believe they have adequate defenses against such claims and will vigorously defend the litigation.

The Company is involved in certain other legal actions and claims arising in the ordinary course of business. While the outcome of these legal actions and claims cannot be predicted with certainty, it is the opinion of management that the outcome of any such claim which is pending or threatened, either individually or on a combined basis, will not have a material adverse effect on the consolidated financial condition, results of operations or liquidity of the Company.

Item 1A. Risk Factors

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I, Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2006, which could materially affect our business, financial condition or future results. The risks described in our Annual Report on Form 10-K are not the only risks facing our Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

Item 6. Exhibits

Exhibit Number	**Exhibit**
10.1	Fifth Amendment, dated as of October 24, 2007 to the Credit Agreement dated as of November 30, 2004, by and among Neenah Paper, Inc., certain of its subsidiaries, the lenders listed therein and JPMorgan Chase Bank, N.A., as agent for the Lenders (filed herewith).
31.1	Certification of the CEO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of the CFO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32	Certification of CEO and CFO pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

NEENAH PAPER, INC

By: /s/ Sean T. Erwin
Sean T. Erwin
Chairman of the Board, President and Chief Executive Officer (Principal Executive Officer)

/s/ Bonnie C. Lind
Bonnie C. Lind
Senior Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)

November 8, 2007