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CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL
NO: 500-11-038474-108

S U P E R I O R C O U R T
Commercial Division
Designated tribunal under the Companies' Creditors Arrangement Act[1]

IN THE MATTER OF THE PROPOSED PLAN OF COMPROMISE AND ARRANGEMENT OF WHITE BIRCH PAPER HOLDING COMPANY AND VARIOUS SUBSIDIARIES AND AFFILIATES

DEBTORS

- and -

ERNST & YOUNG INC.

MONITOR

REPORT OF THE MONITOR – JUNE 26, 2012

INTRODUCTION AND BACKGROUND

1. On February 24, 2010, on a Motion made by White Birch Paper Holding Company ("**White Birch**") and various of its affiliates (collectively referred to as the "**Applicants**"), the Superior Court of the Province of Québec for the District of Montréal ("**Court**"), sitting as the designated tribunal pursuant to the *Companies' Creditors Arrangement Act* ("**CCAA**")[1] issued an order ("**Initial Order**") declaring that the Applicants are debtor companies to which the CCAA applies, appointing Ernst & Young Inc. ("**EYI**" or "**Monitor**") as monitor and granting certain relief to the Applicants and various partnerships in which the Applicants have an interest ("**Partnerships**") (the Applicants and the Partnerships are hereinafter referred to collectively as "**WB Canada**")[2]. The Initial Order has since been extended and is now scheduled to expire on June 29, 2012.

2. Also on February 24, 2010, Bear Island Paper Company, LLC ("**Bear Island**"), a subsidiary of White Birch with activities in the U.S., commenced a case under the provisions of Chapter 11 of the U.S. *Bankruptcy Code*[3] (the "**Code**") (Bear Island and WB Canada are hereinafter referred to collectively as "**WB Group**" or "**Companies**"). The information regarding the proceedings initiated by Bear Island under the Code, together with the "first day orders" made by the

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[1] *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended.

[2] The entities subject to the Initial Order are White Birch Paper Holding Company, White Birch Paper Company, Stadacona General Partner Inc., Black Spruce Paper Inc., F.F. Soucy General Partner Inc., 3120772 Nova Scotia Company, Arrimage De Gros Cacouna Inc., Papier Masson Ltée., Stadacona Limited Partnership, F.F. Soucy Limited Partnership, and F.F. Soucy, Inc. & Partners, Limited Partnership.

[3] *U.S. Code,* title 11, chapter 11.

Bankruptcy Court for the Eastern District of Virginia, Richmond Division ("**U.S. Court**") at the request of Bear Island, can be found on the website of the claims agent retained by Bear Island, Garden City Group, Inc., at www.gardencitygroup.com/cases/bip.

3. Also on February 24, 2010, some of the entities within WB Canada[4] applied for relief under the provisions of Chapter 15 of the Code. On February 26, 2010, the U.S. Court issued a temporary restraining order under the provisions of Chapter 15 of the Code, and on March 5, 2010, it granted a preliminary injunction, pending a more complete hearing to be held on March 22, 2010. At the hearing held on March 22, 2010, the U.S. Court granted recognition of the Canadian proceedings under the CCAA as foreign main proceedings, recognised White Birch Paper Company as the duly appointed foreign representative, declared that all of the provisions of section 1520 of the Code apply to the proceedings initiated by some of the entities within WB Canada, and gave full force and effect to the Initial Order[5] in the U.S., provided that the Initial Order[5] is not revoked, terminated or expired.

4. The orders granted by this Court and by the U.S. Court (collectively, the "**Courts**"), together with the relief provided under the CCAA and the Code[6] (collectively, the "**Orders**") provide, among other things, for a stay of proceedings against the entities comprising WB Group while they restructure their business and financial affairs.

5. The Initial Order as previously extended is scheduled to expire on June 29, 2012, and the Applicants have indicated their intention to seek a further extension of the Initial Order.

6. The present report is intended to provide the Court with information relevant to the motion for an extension of the Initial Order, and more particularly on the current activities of WB Group and the progress of its restructuring efforts. This report is presented under the following headings:

   6.1. Introduction and background;

   6.2. Terms of reference and disclaimer;

   6.3. Current activities;

   6.4. Status of Proceedings; and

   6.5. Conclusions and recommendations.

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4 The entities which requested relief under Chapter 15 of the Code are White Birch Paper Company, Stadacona General Partner Inc., Papier Masson Ltée., Stadacona Limited Partnership, F.F. Soucy Limited Partnership and F.F. Soucy, Inc. & Partners, Limited Partnership.

5 As amended, modified or extended from time to time by the Court.

6 Sections §361 and §362 of the U.S. *Bankruptcy Code*.

TERMS OF REFERENCE AND DISCLAIMER

7. In preparing this report, EYI has relied upon unaudited financial information, company records, company prepared financial information and projections, discussions with management and employees of WB Group, and information from various other sources.

While we reviewed various documents and believe that the information therein provides a fair summary of the transactions as presented to us or as reflected in the documents presented to us, such work does not constitute an audit or verification of such information for accuracy, completeness, or compliance with generally accepted accounting principles. Accordingly, EYI expresses no opinion or other form of assurance in respect of such information.

Some of the information used in preparing this report consists of financial projections. We caution the reader that these projections are based upon assumptions about future events and conditions that are not ascertainable, and that the actual results may vary from the projections, even if the assumptions materialize, and the variations could be significant.

In the course of our mandate, we have assumed the integrity and truthfulness of the information and explanations presented to us, within the context in which it was presented. To date, nothing has come to our attention which would cause us to question the reasonableness of this assumption.

Finally, we have requested that management bring to our attention any significant matters which were not addressed in the course of our specific inquiries. Accordingly, this report is based solely on the information (financial or otherwise) made available to us.

This report has been prepared for the use of this Court and WB Group's stakeholders as general information relating to the entities comprising WB Group and their operations. Accordingly, the reader is cautioned that this report may not be appropriate for any other purpose. We will not assume responsibility or liability for losses incurred by the reader as a result of the circulation, publication, reproduction or use of this report contrary to the provisions of this paragraph.

8. Terms not otherwise defined herein shall have the meaning ascribed to them in the Initial Order, or in previous reports of the Monitor, as the case may be.

CURRENT ACTIVITIES

9. The Monitor prepared several reports to the Court addressing the activities of the WB Group. The matters discussed in the said reports are still relevant, and will not be repeated herein. The present report only addresses matters that have changed since our latest report dated May 29, 2012.

Cash flow results/Interim Financing

10. The most recent cash flow projections filed with the Court were prepared for the 13 weeks ending August 17, 2012. For ease of reference, these cash flow projections are attached hereto as Appendix A.

11. WB Group and its advisors prepared a comparison of the actual and projected results, for the 4 weeks ended June 15, 2012, annexed to this report as Appendix B. The Monitor reviewed this comparison with management, and as a result of this review, the Monitor has no reason to doubt the reasonableness of the explanations provided for the variances.

12. Essentially, the comparison of actual and projected results for the 4 weeks ended June 15, 2012 indicates that the projections contemplated a positive cash flow of US$2.5 million for the 4 week period,[7] and the Companies met this projection, although with a different breakdown in receipts and disbursements, as is outlined below:

12.1. Lower than projected receipts by US$4.5 million or 10.5% of the projected amount, of which approximately US$5.4 million (or 12.7% of the projected amount) relates to accounts receivable. The remainder of the variance relates to a refund of GST/QST that had not been expected to be received during the four weeks ended June 15, 2012.

The accounts receivable were projected to be US$56.0 million as at June 15, 2012, and they are reported to amount to US$64.0 million as at that date. If the variance were strictly related to a slower collection period, the variance would translate into higher accounts receivable by a like amount. The difference between the actual and projected accounts receivable, in view of the variance in the cash receipts, suggests that the revenues were higher than anticipated during the projection period, by approximately US$2.6 million, or approximately 7.0%.

12.2. Lower than projected disbursements, by approximately US$4.5 million,[7] or 11.2% of the projected amount.

The inventories were projected to be US$72.4 million as at June 15, 2012, and they are reported to amount to US$72.4 million as at that date.

We do not have current information on the accounts payable on a week by week basis, but in view of the proceedings under the CCAA and the Code, we would expect these to remain fairly stable. As such a variance on disbursements should be a fair estimate of the variance in purchases and expenses. If this assumption is correct, the difference between the actual and projected inventories, in view of the favourable variance in the cash disbursements, suggests that the costs (costs of goods sold, operating expenses, professional fees and interest) were lower than anticipated during the projection period, by approximately US$4.1 million or 9.9% of the projected amount.

13. The comparison of actual and projected results (Appendix C) also presents data compiled to isolate the results of WB Canada. The results for WB Canada indicate an unfavorable variance of US$3.3 million or 10.7% in receipts, and a favorable variance of US$0.9 million or 3.3% in disbursements, for a net unfavourable variance of US$2.4 million in the cash flow as compared with the projections. The explanations for the variances are similar to those outlined above in paragraph 12.

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7 Including operating disbursements, professional fees and interest.

14. The results for the 4 weeks ended June 15, 2012 indicate an improvement in the cash balance, by US$2.5 million for WB Group (US$0.7 million for WB Canada). As a result, WB Group's cash on hand stands at approximately US$102.9 million, as at June 15, 2012 (US$75.3 million for WB Canada).

Overall, the changes in cash, accounts receivable and inventory positions suggest that the Companies' position improved slightly during the 4 week period ended June 15, 2012. However, the Monitor considers that this change is not significant in the circumstances and could be artificial if it is the result of a timing difference in the payment of accounts payable.

Updated projections

15. Management provided us with an updated cash flow projection for WB Group, for the 13 weeks ending September 14, 2012, and these cash flow projections are attached to this report as Appendix C.[8] The opening cash position on these cash flow projections represents the actual cash on hand as of June 15, 2012. The remainder of the amounts represents a projection, as the actual results for the week of June 22, 2012 have not yet been compiled.

16. The updated projections suggest that WB Group and WB Canada expect to have sufficient liquidity to carry out their business in the normal course, throughout the period covered by these projections.

17. In preparing the projections, the Companies did not make any provision for the re-inception of operations at the Stadacona plant. We are informed that the Companies did not project a date of resumption of the operations, due to the level of uncertainty regarding when the operations can recommence. At the hearing held on May 31, 2012, the Companies announced their intention to recommence operations as soon as possible, and indicated it may be possible to re-start operations within approximately one month, if all of the agreements regarding the government's financial support and the documentation regarding the changes to the collective bargaining agreements could be finalized quickly[9]. At the hearing held on June 13, 2012, the Companies indicated the opening of the Stadacona plant had to be delayed due to fact that the agreements regarding the changes to the collective bargaining agreements were not yet finalized.

We have been advised by the Companies that management expects the re-opening of the Stadacona plant will have an impact on the cash flow, as the Companies will have to invest some cash in working capital as it produces goods and generates accounts receivable. We have been informed by management that while it expects the re-opening of the Stadacona plant would result in a reduction of the liquidity, this should not have a material adverse effect on the Companies' cash flow.

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8 Management has also provided us with an updated cash flow projection for WB Canada, for the 13 week period ending September 14, 2012, extracted from the above-mentioned projection for the WB Group, and prepared on the same basis. This cash flow projection is attached as Appendix D.

9 See paragraph 24 of the Monitor's report dated May 29, 2012.

STATUS OF PROCEEDINGS

18. The Initial Order was made on February 24, 2010 and was extended on several occasions since that date. The most recent order of the Court extending the Initial Order was made on May 31, 2012 and grants an extension until June 29, 2012.

19. At the hearing on May 31, 2012, the Companies announced that an agreement in principle had been reached with the government on the issue of obtaining financial assistance to allow for the re-opening of the Stadacona plant, and that a possible solution was found to avoid the technical issues raised by the Régie des Rentes du Québec regarding the new pension plan that is intended to replace the currently existing plan after the transaction with BDWBI is completed. As such, the Companies indicated that subject to agreement regarding documentation, and subject to final approval from the government, the Companies expected that the Stadacona plant could re-open in late June 2012, and that the date of the closing of the transaction could be set and announced at the next scheduled hearing for an extension of the Initial Order, at the end of June 2012.

20. The Court requested that the parties report back on June 13, 2012 on the progress made towards scheduling a closing of the transaction with BDWBI. At the hearing on June 13, 2012, the Companies and BDWBI indicated that some progress had been made, namely the final governmental authorizations have been received and documentation is being exchanged with the SCEP with a view to finalize the agreements modifying the collective bargaining agreement. However, the Companies, BDWBI and the SCEP all expressed some degree of frustration with the on-going discussions to document the changes to the collective bargaining agreement, indicating that the progress is not as rapid as was expected.

21. The Monitor is aware that the parties have been actively pursuing discussions to finalize an agreement and have participated in intense, lengthy meetings facilitated by the mediator appointed to assist in the negotiation. The Monitor was informed by WB Canada that an agreement was reached with SCEP on all outstanding issues, and that as a result there is no longer any risk of misunderstanding regarding the issues surrounding the new collective bargaining agreement or the new pension plans that will be made available to employees at each of the plans after the closing of the transaction with BDWBI.

22. We note that after the changes to the collective bargaining agreement are documented, the Companies will still need to finalize employment agreement with the non-unionized employees and obtain the final authorization from Industry Canada pursuant to its review of the proposed transaction under the *Investment Canada Act*[10]. With respect to these and the other conditions to closing (representations and warranties, etc.), the Monitor was advised by BDWBI and management that they do not anticipate these will be problematic.

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[10] *Investment Canada Act*, R.S.C. 1985, c. 28 (1st supp.), as amended.

CONCLUSIONS AND RECOMMENDATIONS

23. The Initial Order as previously extended is scheduled to expire on June 29, 2012, and the Applicants have indicated their intention to seek a further extension of the Initial Order.

24. While all elements are not yet in place to schedule a closing of the transaction with BDWBI, the Monitor believes all stakeholders are actively pursuing this objective.

25. The Monitor recommends that the Court continue applying pressure on the parties to ensure that there is continued focus on closing the transaction with BDWBI within the shortest possible delay.

26. In the present circumstances and based on the projections submitted by the Companies, the Monitor believes that a further extension of the stay of proceedings would not be prejudicial to the creditors of WB Group.

27. Based on discussions with representatives of WB Group, the Monitor believes WB Group has acted and is continuing to act in good faith and with due diligence.

28. Based on the foregoing, the Monitor recommends that the Court grant an extension of the stay of proceedings as requested by WB Canada.

All of which is respectfully submitted this 26th day of June 2012.

ERNST & YOUNG INC.
In its capacity as the monitor appointed by the Court
in the matter of the proposed compromise and
arrangement of White Birch Paper Holding Company *et al.*

Per: Martin P. Rosenthal, CPA, CA, CIRP
Senior Vice-President

Per: Jean-Daniel Breton, CPA, CA, CIRP
Senior Vice-President

Appendix A – Cash flow projections of WB Group - 13 weeks ending August 17, 2012

White Birch Paper

13-Week Cash Flow Forecast

Weeks Ending May 25 through Aug. 17, 2012

5/24/2012

Confidential

White Birch Paper
Rolling Weekly Forecast
Weeks Ended May 25 - August 17, 2012

CONSOLIDATED
In $000's

CONFIDENTIAL

	1	2	3	4	5	6	7	8	9	10	11	12	13	
	Wk Ended	Wk Ending	Wk Ending	Wk Ending	Wk Ending	Wk Ending	Wk Ending	Wk Ending	Wk Ending	Wk Ending	Wk Ending	Wk Ending	Wk Ending	13 Week
	5/25	6/1	6/8	6/15	6/22	6/29	7/6	7/13	7/20	7/27	8/3	8/10	8/17	Total
Operating Receipts														
Bear Island	$ 2,554	$ 3,404	$ 2,909	$ 2,234	$ 3,839	$ 3,550	$ 3,165	$ 2,250	$ 3,805	$ 2,150	$ 4,100	$ 2,420	$ 2,200	$ 38,580
Stadacona	294	405	419	1,092	468	348	365	295	297	158	105	77	179	4,502
F. F. Soucy	2,807	3,701	2,824	6,204	2,788	2,742	3,523	3,078	4,893	2,433	4,028	3,663	2,443	45,126
Papier Masson	3,613	4,159	2,766	3,107	3,171	4,246	2,744	3,348	2,775	3,951	2,613	2,283	2,679	41,456
Total Operating Receipts	9,268	11,669	8,917	12,637	10,267	10,885	9,796	8,972	11,770	8,692	10,846	8,443	7,501	129,664
Operating Disbursements														
Fiber	(1,544)	(1,924)	(1,932)	(1,932)	(2,061)	(2,061)	(2,061)	(2,097)	(2,077)	(1,779)	(1,456)	(1,486)	(1,861)	(24,271)
Chemicals	(284)	(262)	(275)	(502)	(251)	(222)	(235)	(491)	(291)	(236)	(247)	(261)	(465)	(4,023)
Electricity	(2,175)	(1,747)	(2,332)	(2,148)	(2,137)	(2,418)	(2,267)	(2,156)	(2,146)	(2,313)	(2,197)	(2,277)	(2,167)	(28,479)
Recycle Material	(224)	(289)	(263)	(263)	(285)	(285)	(360)	(285)	(285)	(285)	(360)	(360)	(360)	(3,904)
Other Materials and Other Utilities	(970)	(1,177)	(985)	(1,082)	(878)	(944)	(1,139)	(1,009)	(1,049)	(903)	(1,037)	(921)	(926)	(13,020)
Property Taxes	-	-	-	(5)	-	-	-	(5)	-	-	-	-	(5)	(15)
Salaried and Hourly Payroll- Gross	(729)	(882)	(1,458)	(998)	(1,115)	(1,009)	(1,115)	(1,103)	(1,154)	(1,019)	(1,140)	(1,077)	(1,115)	(13,914)
Pension Plan and Group insurance	(473)	(185)	(74)	(2)	(355)	(129)	(258)	(2)	(151)	(333)	(84)	(73)	(2)	(2,122)
Freight	(1,231)	(1,250)	(1,248)	(1,154)	(1,123)	(1,161)	(1,073)	(1,204)	(1,232)	(1,153)	(1,173)	(1,254)	(1,331)	(15,585)
Maintenance Equipment	(409)	(293)	(398)	(260)	(345)	(296)	(355)	(311)	(317)	(347)	(276)	(276)	(273)	(4,155)
Major Maintenance	(85)	(194)	(83)	(214)	(10)	(20)	(135)	(60)	(10)	(93)	(10)	(60)	(45)	(1,022)
Capital Expenditures	(24)	(251)	(378)	(11)	(77)	-	(432)	(166)	(194)	-	(288)	(65)	-	(1,886)
Professional Fees	(54)	(25)	(28)	(25)	(25)	(28)	(25)	(25)	(28)	(25)	(25)	(26)	(25)	(363)
Leases	-	(1)	-	(36)	-	(1)	-	(35)	-	(1)	-	(35)	(0)	(109)
Other	(27)	(927)	(427)	(27)	(27)	(27)	(27)	(27)	(282)	(27)	(27)	(27)	(282)	(2,163)
Management Fee	-	(750)	-	(429)	-	(725)	-	(429)	-	(725)	-	-	(429)	(3,486)
Total Operating Disbursements	(8,230)	(10,156)	(9,882)	(9,088)	(8,688)	(9,325)	(9,482)	(9,404)	(9,216)	(9,239)	(8,321)	(8,199)	(9,287)	(118,517)
Net Operating Cash Flow	1,038	1,513	(965)	3,549	1,579	1,560	314	(432)	2,554	(547)	2,526	244	(1,786)	11,147
Non Operating Cash Flow and Restructuring														
Restructuring Professional Fees	(55)	(581)	(425)	(745)	(425)	-	(1,050)	(405)	-	(8,605)	-	-	-	(12,291)
Restructuring Bank Fees and Other Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intercompany Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Payments	(207)	(207)	(207)	(207)	(207)	(207)	(207)	(207)	(207)	(207)	(207)	(207)	(207)	(2,691)
Total Non-Operating Cash Flow and Restructuring	(262)	(788)	(632)	(952)	(632)	(207)	(1,257)	(612)	(207)	(8,812)	(207)	(207)	(207)	(14,982)
Net Operating Receipts (Disbursements)	$ 777	$ 725	$ (1,597)	$ 2,597	$ 947	$ 1,353	$ (943)	$ (1,044)	$ 2,347	$ (9,359)	$ 2,319	$ 37	$ (1,993)	$ (3,835)
BEG. BOOK CASH BALANCE	$ 100,398	$ 101,175	$ 101,899	$ 100,302	$ 102,899	$ 103,846	$ 105,199	$ 104,257	$ 103,213	$ 105,560	$ 96,200	$ 98,519	$ 98,556	$ 100,398
Net Receipts (Disbursements)	777	725	(1,597)	2,597	947	1,353	(943)	(1,044)	2,347	(9,359)	2,319	37	(1,993)	(3,835)
DIP Term Loan (Repayment) / Borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ENDING BOOK CASH BALANCE	101,175	101,899	100,302	102,899	103,846	105,199	104,257	103,213	105,560	96,200	98,519	98,556	96,563	96,563
Unused DIP Commitment	34,045	34,045	34,045	34,045	34,045	34,045	34,045	34,045	34,045	34,045	34,045	34,045	34,045	34,045
LIQUIDITY	$ 135,220	$ 135,944	$ 134,347	$ 136,944	$ 137,891	$ 139,244	$ 138,302	$ 137,258	$ 139,605	$ 130,245	$ 132,564	$ 132,601	$ 130,608	$ 130,608
DIP TERM LOAN BALANCE														
DIP Loan Balance at Beg. of Week	$ 87,955	$ 87,955	$ 87,955	$ 87,955	$ 87,955	$ 87,955	$ 87,955	$ 87,955	$ 87,955	$ 87,955	$ 87,955	$ 87,955	$ 87,955	$ 87,955
DIP Term Loan (Repayment) / Borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DIP Loan Balance at End of Week	$ 87,955	$ 87,955	$ 87,955	$ 87,955	$ 87,955	$ 87,955	$ 87,955	$ 87,955	$ 87,955	$ 87,955	$ 87,955	$ 87,955	$ 87,955	$ 87,955

White Birch Paper
13 Week Cash Flow Forecast
Weeks Ended May 25 - August 17, 2012

CONFIDENTIAL

Key Assumptions:

1 - **Bankruptcy Filing:**
- Petition Date was February 24, 2010
- Prior service cost component of pension contributions in Canada of CAD $1.5 million are assumed suspended until emergence - savings of approximately $1.5 million CAD per month
- Except for restructuring professional fees (as discussed below), no cash payments or other assumptions regarding emerging from CCAA and Chapter 11 Bankruptcy, or a 363 Sale of the Company, are reflected in the forecast
- Restructuring professional fees for the week ended July 27, 2012 includes approximately $4.0 million for estimated professional fees accrued and unpaid through that date, as well as a $4.6 million sale transaction fee

2 - **Includes the Following DIP Financing Assumptions:**
- Pre-petition ABL facility was replaced with a super priority delayed draw term loan facility of $140 million (DIP Facility) on March 1, 2010 with terms, as follows:
  - Interest at L+1,000 bps; 2% Libor floor
  - DIP facility priced with a 250bps arrangement fee, a 250bps commitment fee and $100k annual administrative fee
  - Interest on borrowings paid monthly, as due
  - DIP loans paid or repaid may be reborrowed (subject to the prior written consent of the Majority Lenders)
- Aggregate reserves approximate $18.0 million for the D&O charge and the administrative charge, a carve-out for professional fees and a Canadian Priority Reserve
- Liquidity reflected at any given week includes unused DIP commitment
- Forecast does not reflect any repayment of DIP loans that may occur in connection with emerging from CCAA and Chapter 11 Bankruptcy, or a 363 Sale of the Company

3 - **Assumes spot rate of C$0.98 to US $1.00 throughout the forecast period**

4 - **Stadacona mill closed (effective Jan. 12, 2012)**
Full production at all other mills

5 - **Assumes no payment will be made for notice, severance or other similar labour cost in connection with the closure of the Stadacona mill, as the initial order contemplates these will be dealt with through the plan of arrangement.**

6 - **Preliminary and subject to change**

Appendix B – Comparison of actual and projected results for the 4 weeks ended June 15, 2012

White Birch Paper
Cash Flow Forecast Variance Report to 13-Week CFF (Dated 5/24/12)
Weeks Ended June 15, 2012
In $000's

	Cumulative 4-Week Variance to 13-Week CFF		
	Actual 5/19 Through 6/15	**Forecast 5/19 Through 6/15**	**B (W) than Forecast 6/15**
Operating Receipts			
Bear Island	$ 10,004	$ 11,101	$ (1,096)
Stadacona	1,180	2,210	(1,030)
F.F. Soucy	14,682	15,536	(854)
Papier Masson	12,164	13,645	(1,481)
Total Operating Receipts	38,030	42,492	(4,461)
Operating Disbursements			
Fiber	(7,381)	(7,332)	(48)
Chemicals	(1,236)	(1,323)	87
Electricity	(8,152)	(8,402)	250
Recycle Material	(757)	(1,039)	282
Other Materials and Other Utilities	(3,981)	(4,214)	233
Property Taxes	(129)	(5)	(124)
Salaried and Hourly Payroll - Gross	(3,860)	(4,067)	207
Pension Plan and Group Insurance	(646)	(734)	88
Freight	(4,925)	(4,884)	(41)
Maintenance Equipment	(1,216)	(1,360)	144
Major Maintenance	(322)	(577)	255
Capital Expenditures	(68)	(664)	596
Professional Fees	(45)	(132)	87
Leases	(30)	(37)	7
Other	(17)	(1,409)	1,391
Management Fee	(1,227)	(1,179)	(49)
Total Operating Disbursements	(33,991)	(37,356)	3,366
Net Operating Cash Flow	4,039	5,135	(1,096)
Non Operating Cash Flow and Restructuring			
Restructuring Professional Fees	(592)	(1,806)	1,214
Restructuring Bank Fees and Other Expenses	-	-	-
Intercompany Transfers	0	-	0
Interest Payments	(919)	(828)	(91)
Total Non-Operating Cash Flow and Restructuring	(1,511)	(2,634)	1,124
Net Operating Receipts (Disbursements)	$ 2,529	$ 2,501	$ 28
BEG. BOOK CASH BALANCE	$ 100,398	$ 100,398	$ -
Net Receipts (Disbursements)	2,529	2,501	28
DIP Term Loan Borrowing	-	-	-
GE ABL Borrowing (Repayment)	-	-	-
ENDING BOOK CASH BALANCE	102,927	102,899	28
Unused DIP Commitment	34,045	34,045	-
LIQUIDITY	$ 136,972	$ 136,944	$ 28
DIP TERM LOAN BALANCE			
DIP Loan Balance at Beg. of Week / Period	$ 87,955	$ 87,955	$ -
DIP Term Loan Borrowing	-	-	-
DIP Loan Balance at End of Week / Period	$ 87,955	$ 87,955	$ -

White Birch Paper Holding Company - WB Canada Only
Cash Flow Forecast - Cumulative Variance Report to 13-Week CFF (Dated 5/24/12)
Weeks Ended June 15, 2012

In $000's	Cumulative 4-Week Variance to 13-Week CFF		
	Actual 5/19 to 6/15	**Forecast 5/19 to 6/15**	**B (W) than Forecast 6/15**
Operating Receipts			
Stadacona	1,180	2,210	(1,030)
F.F. Soucy	14,682	15,536	(854)
Papier Masson	12,164	13,645	(1,481)
Total Operating Receipts	28,026	31,391	(3,365)
Operating Disbursements			
Fiber	(6,250)	(6,162)	(88)
Chemicals	(445)	(530)	85
Electricity	(6,193)	(6,433)	240
Recycle Material	-	-	-
Other Materials and Other Utilities	(2,836)	(2,926)	91
Property Taxes	(124)	-	(124)
Salaried and Hourly Payroll - Gross	(2,419)	(2,510)	91
Pension Plan and Group Insurance	(646)	(734)	88
Freight	(3,925)	(3,894)	(31)
Maintenance Equipment	(798)	(902)	104
Major Maintenance	-	(61)	61
Capital Expenditures	-	-	-
Professional Fees	(45)	(129)	84
Leases	-	-	-
Other	(17)	(1,409)	1,391
Management Fee	(842)	(761)	(81)
Total Operating Disbursements	(24,539)	(26,450)	1,911
Net Operating Cash Flow	3,486	4,940	(1,454)
Non Operating Cash Flow and Restructuring			
Restructuring Professional Fees	(445)	(943)	498
Restructuring Bank Fees and Other Expenses	-	-	-
Intercompany Transfers	(1,400)	-	(1,400)
Interest Payments	(919)	(828)	(91)
Total Non-Operating Cash Flow and Restructuring	(2,763)	(1,771)	(993)
Net Operating Receipts (Disbursements)	$ 723	$ 3,169	$ (2,446)
BEG. BOOK CASH BALANCE	$ 74,554	$ 74,554	$ -
Net Receipts (Disbursements)	723	3,169	(2,446)
DIP Term Loan Borrowing	-	-	-
GE ABL Borrowing (Repayment)	-	-	-
ENDING BOOK CASH BALANCE	75,277	77,723	(2,446)
Unused DIP Commitment	34,045	34,045	-
LIQUIDITY	$ 109,322	$ 111,768	$ (2,446)
DIP TERM LOAN BALANCE			
DIP Loan Balance at Beg. of Week / Period	$ 87,955	$ 87,955	$ -
DIP Term Loan Borrowing	-	-	-
DIP Loan Balance at End of Week / Period	$ 87,955	$ 87,955	$ -

Appendix C – Cash flow projections of WB Group - 13 weeks ending September 14, 2012

White Birch Paper

13-Week Cash Flow Forecast

Weeks Ending June 22 through Sep. 14, 2012

6/21/2012

Confidential

White Birch Paper
Rolling Weekly Forecast
Weeks Ended June 22 - September 14, 2012

CONSOLIDATED **CONFIDENTIAL**
In $000's

	1	2	3	4	5	6	7	8	9	10	11	12	13	
	Wk Ended	Wk Ending	Wk Ending	Wk Ending	Wk Ending	Wk Ending	Wk Ending	Wk Ending	Wk Ending	Wk Ending	Wk Ending	Wk Ending	Wk Ending	13 Week
	6/22	6/29	7/6	7/13	7/20	7/27	8/3	8/10	8/17	8/24	8/31	9/7	9/14	Total
Operating Receipts														
Bear Island	$ 3,881	$ 3,593	$ 2,665	$ 2,296	$ 3,851	$ 2,150	$ 4,100	$ 2,420	$ 2,200	$ 3,840	$ 3,550	$ 2,955	$ 2,350	$ 39,850
Stadacona	421	225	212	287	508	368	477	305	471	268	170	-	39	3,751
F. F. Soucy	3,617	2,616	3,540	2,762	6,108	3,015	3,365	3,587	2,443	2,538	3,446	3,163	4,648	44,847
Papier Masson	3,366	4,694	2,956	3,639	2,379	4,080	2,919	2,375	3,023	2,613	3,540	2,208	2,701	40,492
Total Operating Receipts	11,285	11,127	9,373	8,984	12,846	9,613	10,861	8,686	8,136	9,259	10,706	8,326	9,738	128,939
Operating Disbursements														
Fiber	(2,199)	(2,069)	(2,039)	(2,039)	(2,019)	(1,722)	(1,389)	(1,419)	(1,752)	(1,752)	(1,999)	(1,999)	(2,016)	(24,414)
Chemicals	(334)	(271)	(227)	(502)	(256)	(240)	(247)	(261)	(465)	(291)	(235)	(268)	(465)	(4,063)
Electricity	(2,107)	(2,436)	(2,256)	(2,143)	(2,133)	(2,381)	(2,133)	(2,264)	(2,154)	(2,144)	(1,855)	(2,176)	(2,201)	(28,380)
Recycle Material	(242)	(245)	(301)	(259)	(275)	(275)	(365)	(290)	(290)	(290)	(365)	(290)	(290)	(3,777)
Other Materials and Other Utilities	(1,227)	(994)	(1,125)	(1,006)	(1,090)	(801)	(927)	(1,044)	(991)	(990)	(1,131)	(960)	(1,253)	(13,539)
Property Taxes	-	-	-	(5)	-	-	-	-	(5)	-	-	-	(5)	(15)
Salaried and Hourly Payroll- Gross	(1,445)	(1,172)	(707)	(1,052)	(1,154)	(1,019)	(1,140)	(1,077)	(1,129)	(984)	(1,115)	(1,009)	(1,115)	(14,119)
Pension Plan and Group insurance	(120)	(287)	(104)	(68)	(151)	(333)	(186)	(2)	(69)	(278)	(288)	(104)	(69)	(2,060)
Freight	(1,413)	(1,290)	(1,133)	(1,209)	(1,218)	(1,298)	(1,177)	(1,198)	(1,387)	(1,148)	(1,218)	(1,298)	(1,387)	(16,371)
Maintenance Equipment	(341)	(359)	(365)	(276)	(330)	(476)	(372)	(298)	(329)	(266)	(277)	(277)	(279)	(4,245)
Major Maintenance	(100)	(79)	(142)	(156)	(10)	(144)	(10)	(112)	(10)	(168)	(10)	(60)	(10)	(1,014)
Capital Expenditures	(446)	(24)	(42)	(2)	(288)	(242)	(85)	(313)	(288)	(75)	(7)	(127)	-	(1,939)
Professional Fees	(25)	(25)	(28)	(25)	(25)	(38)	(25)	(25)	(28)	(25)	(25)	(36)	(25)	(355)
Leases	-	(1)	-	(35)	-	(1)	-	-	(35)	(1)	-	-	(35)	(108)
Other	(27)	(527)	(627)	(27)	(27)	(27)	(27)	(282)	(27)	(27)	(27)	(657)	(2,027)	(4,338)
Management Fee	-	(745)	-	(429)	-	(725)	-	-	(429)	-	(725)	-	(429)	(3,481)
Total Operating Disbursements	(10,027)	(10,526)	(9,098)	(9,233)	(8,975)	(9,722)	(8,083)	(8,585)	(9,386)	(8,438)	(9,277)	(9,261)	(11,606)	(122,216)
Net Operating Cash Flow	1,258	601	276	(249)	3,871	(110)	2,778	101	(1,250)	821	1,429	(935)	(1,869)	6,723
Non Operating Cash Flow and Restructuring														
Restructuring Professional Fees	-	(640)	(760)	(830)	(450)	(8,605)	-	-	-	-	-	(1,605)	-	(12,890)
Restructuring Bank Fees and Other Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intercompany Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Payments	(207)	(207)	(297)	(207)	(207)	(207)	(297)	(207)	(207)	(207)	(207)	(297)	(207)	(2,961)
Total Non-Operating Cash Flow and Restructuring	(207)	(847)	(1,057)	(1,037)	(657)	(8,812)	(297)	(207)	(207)	(207)	(207)	(1,902)	(207)	(15,851)
Net Operating Receipts (Disbursements)	$ 1,051	$ (246)	$ (781)	$ (1,286)	$ 3,214	$ (8,922)	$ 2,481	$ (106)	$ (1,457)	$ 614	$ 1,222	$ (2,837)	$ (2,076)	$ (9,128)
BEG. BOOK CASH BALANCE	$ 102,927	$ 103,979	$ 103,733	$ 102,951	$ 101,665	$ 104,879	$ 95,958	$ 98,439	$ 98,333	$ 96,876	$ 97,490	$ 98,712	$ 95,875	$ 102,927
Net Receipts (Disbursements)	1,051	(246)	(781)	(1,286)	3,214	(8,922)	2,481	(106)	(1,457)	614	1,222	(2,837)	(2,076)	(9,128)
DIP Term Loan (Repayment) / Borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ENDING BOOK CASH BALANCE	103,979	103,733	102,951	101,665	104,879	95,958	98,439	98,333	96,876	97,490	98,712	95,875	93,799	93,799
Unused DIP Commitment	34,045	34,045	34,045	34,045	34,045	34,045	34,045	34,045	34,045	34,045	34,045	34,045	34,045	34,045
LIQUIDITY	$ 138,024	$ 137,778	$ 136,996	$ 135,710	$ 138,924	$ 130,003	$ 132,484	$ 132,378	$ 130,921	$ 131,535	$ 132,757	$ 129,920	$ 127,844	$ 127,844
DIP TERM LOAN BALANCE														
DIP Loan Balance at Beg. of Week	$ 87,955	$ 87,955	$ 87,955	$ 87,955	$ 87,955	$ 87,955	$ 87,955	$ 87,955	$ 87,955	$ 87,955	$ 87,955	$ 87,955	$ 87,955	$ 87,955
DIP Term Loan (Repayment) / Borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DIP Loan Balance at End of Week	$ 87,955	$ 87,955	$ 87,955	$ 87,955	$ 87,955	$ 87,955	$ 87,955	$ 87,955	$ 87,955	$ 87,955	$ 87,955	$ 87,955	$ 87,955	$ 87,955

White Birch Paper
13 Week Cash Flow Forecast
Weeks Ended June 22 - September 14, 2012

CONFIDENTIAL

Key Assumptions:

1 - **Bankruptcy Filing:**
- Petition Date was February 24, 2010
- Prior service cost component of pension contributions in Canada of CAD $1.5 million are assumed suspended until emergence - savings of approximately $1.5 million CAD per month
- Except for restructuring professional fees (as discussed below), no cash payments or other assumptions regarding emerging from CCAA and Chapter 11 Bankruptcy, or a 363 Sale of the Company, are reflected in the forecast
- Restructuring professional fees for the week ended July 27, 2012 includes approximately $4.0 million for estimated professional fees accrued and unpaid through that date, as well as a $4.6 million sale transaction fee

2 - **Includes the Following DIP Financing Assumptions:**
- Pre-petition ABL facility was replaced with a super priority delayed draw term loan facility of $140 million (DIP Facility) on March 1, 2010 with terms, as follows:
  - Interest at L+1,000 bps; 2% Libor floor
  - DIP facility priced with a 250bps arrangement fee, a 250bps commitment fee and $100k annual administrative fee
  - Interest on borrowings paid weekly, as due
  - DIP loans paid or repaid may be reborrowed (subject to the prior written consent of the Majority Lenders)
- Aggregate reserves approximate $18.0 million for the D&O charge and the administrative charge, a carve-out for professional fees and a Canadian Priority Reserve
- Liquidity reflected at any given week includes unused DIP commitment
- Forecast does not reflect any repayment of DIP loans that may occur in connection with emerging from CCAA and Chapter 11 Bankruptcy, or a 363 Sale of the Company

3 - **Assumes spot rate of C$0.98 to US $1.00 throughout the forecast period**

4 - **Stadacona mill closed (effective Jan. 12, 2012)**
Full production at all other mills

5 - **Assumes no payment will be made for notice, severance or other similar labour cost in connection with the closure of the Stadacona mill, as the initial order contemplates these will be dealt with through the plan of arrangement.**

6 - **Preliminary and subject to change**

Appendix D – Cash flow projections of WB Canada - 13 weeks ending September 14, 2012

White Birch Paper Holding Company
WB Canada Only
13-Week Cash Flow Forecast

Weeks Ending June 22 through Sep. 14, 2012

6/21/2012

Confidential

White Birch Paper Holding Company

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Rolling Weekly Forecast - WB CANADA ONLY

In $000's

Weeks Ended June 22 - September 14, 2012

	1	2	3	4	5	6	7	8	9	10	11	12	13	
	Wk Ended	Wk Ending	Wk Ending	Wk Ending	Wk Ending	Wk Ending	Wk Ending	Wk Ending	Wk Ending	Wk Ending	Wk Ending	Wk Ending	Wk Ending	13 Week
	6/22	6/29	7/6	7/13	7/20	7/27	8/3	8/10	8/17	8/24	8/31	9/7	9/14	Total
Operating Receipts														
Stadacona	421	225	212	287	508	368	477	305	471	268	170	0	39	3,751
F. F. Soucy	3,617	2,616	3,540	2,762	6,108	3,015	3,365	3,587	2,443	2,538	3,446	3,163	4,648	44,847
Papier Masson	3,366	4,694	2,956	3,639	2,379	4,080	2,919	2,375	3,023	2,613	3,540	2,208	2,701	40,492
Total Operating Receipts	7,404	7,534	6,708	6,688	8,995	7,463	6,761	6,266	5,936	5,419	7,156	5,371	7,388	89,089
Operating Disbursements														
Fiber	(1,899)	(1,769)	(1,739)	(1,739)	(1,739)	(1,442)	(1,109)	(1,139)	(1,472)	(1,472)	(1,719)	(1,719)	(1,736)	(20,694)
Chemicals	(214)	(102)	(92)	(123)	(103)	(92)	(113)	(112)	(112)	(113)	(112)	(112)	(112)	(1,513)
Electricity	(1,559)	(1,658)	(1,603)	(1,576)	(1,576)	(1,657)	(1,576)	(1,601)	(1,576)	(1,576)	(1,637)	(1,576)	(1,601)	(20,769)
Recycle Material	-	-	-	-	-	-	-	-	-	-	-	-	-	0
Other Materials and Other Utilities	(958)	(712)	(825)	(675)	(808)	(603)	(719)	(712)	(711)	(732)	(763)	(782)	(772)	(9,772)
Property Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	0
Salaried and Hourly Payroll- Gross	(1,199)	(743)	(461)	(478)	(869)	(580)	(894)	(478)	(869)	(580)	(869)	(580)	(869)	(9,470)
Pension Plan and Group insurance	(120)	(287)	(104)	(68)	(151)	(333)	(186)	(2)	(69)	(278)	(288)	(104)	(69)	(2,060)
Freight	(1,133)	(1,024)	(889)	(955)	(964)	(1,044)	(923)	(944)	(1,125)	(894)	(964)	(1,044)	(1,125)	(13,025)
Maintenance Equipment	(215)	(203)	(231)	(157)	(192)	(285)	(236)	(194)	(236)	(172)	(183)	(183)	(180)	(2,667)
Major Maintenance	(10)	(20)	(10)	(20)	(10)	(20)	(10)	(20)	(10)	(26)	(10)	(20)	(10)	(199)
Capital Expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-	0
Professional Fees	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(325)
Leases	-	-	-	-	-	-	-	-	-	-	-	-	-	0
Other	(27)	(527)	(627)	(27)	(27)	(27)	(27)	(282)	(27)	(27)	(27)	(657)	(2,027)	(4,338)
Management Fee	-	(470)	-	(286)	-	(450)	-	-	(286)	-	(450)	-	(286)	(2,229)
Total Operating Disbursements	(7,360)	(7,542)	(6,608)	(6,129)	(6,463)	(6,559)	(5,818)	(5,509)	(6,517)	(5,894)	(7,047)	(6,802)	(8,813)	(87,060)
Net Operating Cash Flow	45	(8)	101	559	2,532	904	943	757	(581)	(475)	109	(1,431)	(1,425)	2,029
Non Operating Cash Flow and Restructuring														
Restructuring Professional Fees	-	(275)	(350)	(600)	(100)	(6,455)	-	-	-	-	-	(950)	-	(8,730)
Restructuring Bank Fees and Other Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	0
Intercompany Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	0
Interest Payments	(207)	(207)	(297)	(207)	(207)	(207)	(297)	(207)	(207)	(207)	(207)	(297)	(207)	(2,961)
Total Non-Operating Cash Flow and Restructuring	(207)	(482)	(647)	(807)	(307)	(6,662)	(297)	(207)	(207)	(207)	(207)	(1,247)	(207)	(11,691)
Net Operating Receipts (Disbursements)	$ (162)	$ (490)	$ (546)	$ (248)	$ 2,225	$ (5,758)	$ 646	$ 550	$ (788)	$ (682)	$ (98)	$ (2,678)	$ (1,632)	$ (9,662)
BEG. BOOK CASH BALANCE - WBPC CANADA	$ 75,277	$ 75,115	$ 74,625	$ 74,079	$ 73,830	$ 76,056	$ 70,298	$ 70,944	$ 71,493	$ 70,706	$ 70,024	$ 69,926	$ 67,248	$ 75,277
Net Receipts (Disbursements)	(162)	(490)	(546)	(248)	2,225	(5,758)	646	550	(788)	(682)	(98)	(2,678)	(1,632)	(9,662)
DIP Term Loan (Repayment) / Borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ENDING BOOK CASH BALANCE	75,115	74,625	74,079	73,830	76,056	70,298	70,944	71,493	70,706	70,024	69,926	67,248	65,615	65,615
Unused DIP Commitment	34,045	34,045	34,045	34,045	34,045	34,045	34,045	34,045	34,045	34,045	34,045	34,045	34,045	34,045
LIQUIDITY	$ 109,160	$ 108,670	$ 108,124	$ 107,875	$ 110,101	$ 104,343	$ 104,989	$ 105,538	$ 104,751	$ 104,069	$ 103,971	$ 101,293	$ 99,660	$ 99,660
DIP TERM LOAN BALANCE														
DIP Loan Balance at Beg. of Week	$ 87,955	$ 87,955	$ 87,955	$ 87,955	$ 87,955	$ 87,955	$ 87,955	$ 87,955	$ 87,955	$ 87,955	$ 87,955	$ 87,955	$ 87,955	$ 87,955
DIP Term Loan (Repayment) / Borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
DIP Loan Balance at End of Week	$ 87,955	$ 87,955	$ 87,955	$ 87,955	$ 87,955	$ 87,955	$ 87,955	$ 87,955	$ 87,955	$ 87,955	$ 87,955	$ 87,955	$ 87,955	$ 87,955

White Birch Paper Holding Company- CANADA ONLY
13 Weekly Cash Flow Forecast
Weeks Ended June 22 - September 14, 2012

CONFIDENTIAL

Key Hypothetical Assumptions:

1 Purpose:

- The attached statement of projected cash flow has been prepared by Management to present the anticipated cash inflows and outflows resulting from current operations in the period following the making of an initial order, providing for a stay of proceedings, in virtue of the *Companies' Creditors Arrangement Act*, namely the period from June 16 to September 14, 2012.

  The significant hypothetical assumptions made in preparing the projected cash flow statement are presented hereunder.

2 Basis of presentation:

- The cash flow projections present the projected receipts and disbursements of the entities comprising WB Canada only. The projections do not include the activities of US based Bear Island Paper Company LLC ("Bear Island")

3 Stakeholder support:

- The cash flow projections are based on the assumption that the trade creditors will continue to provide support to the Companies through the delivery of goods and services, and that there will not be any modification in the support extended by other stakeholders such as customers, employees, regulators, etc.

4 CCAA Filing Scenario:

- Petition Date was February 24, 2010
- Does not assume future accounts receivable contraction
- Except for restructuring professional fees (as discussed below), no cash payments or other assumptions regarding emerging from CCAA and Chapter 11 Bankruptcy, or a 363 Sale of the Company, are reflected in the forecast.
- Restructuring professional fees for the week ended June 1, 2012 includes approximately $1.9 million for estimated professional fees accrued and unpaid through that date, as well as a $4.6 million sale transaction fee
- Prior service cost component of pension contributions in Canada of CAD $1.5 million beginning with the February payments are suspended until emergence - cash savings of approximately $1.5 million CAD per month
- CAD Utility Deposits - Three weeks of utility deposits (appx. $7.5 million CAD) to secure post-petition service were made subsequent to the CCAA filing.
- Letters of Credit and Cash Deposits - Current letters of credit outstanding on the filing date of $9.5 million were cash collateralized in the repayment of loan balances to the pre-petition ABL lender with a 5% premium.

Key Hypothetical Assumptions - Continued:

5 Includes the Following DIP Financing Assumptions:

- Pre-petition ABL facility replaced with a super priority delayed draw term loan facility of $140 million (DIP Facility) with terms, as follows:
    - Interest at L+ 1000 bps with 2% floor
    - DIP facility priced with a 250bps arrangement fee, a 250bps commitment fee and $100k annual administrative fee
    - Interest on borrowings paid weekly as due
    - DIP loans paid or repaid may be reborrowed (subject to the prior written consent of the Majority Lenders)
- Aggregate reserves approximate $15.1 million for: the D&O Charge and the Administrative Charge, a carve-out for professional fees and a Canadian Priority Reserve.
- Forecast does not reflect any repayment of DIP loans that may occur in connection with emerging from CCAA and Chapter 11 Bankruptcy, or a 363 Sale of the Company.
- Liquidity reflected at any given week includes unused DIP commitment

6 Assumes spot rate of C$0.98 to US $1.00 throughout the forecast period

7 Stadacona mill closed (effective Jan. 12, 2012)
Full production at all other mills

8 Assumes no payment will be made for notice, severance or other similar labour cost in connection with the closure of the Stadacona mill, as the initial order contemplates these will be dealt with through the plan of arrangement.

9 This Cash Flow Forecast is subject to approval by the Court