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CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL
NO: 500-11038474-108

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 – MARCH 25, 2010

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].

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**"). The information regarding the proceedings initiated by Bear Island under the Code, together with the "first day orders" made by the Bankruptcy Court for the Eastern District of Virginia, Richmond Division ("**US Court**") at the request of

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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.

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 fuller hearing to be held on March 22, 2010. We are informed that 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, 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 prepare a restructuring plan.

5. The Initial Order is scheduled to expire on March 26, 2010, and the Applicants have indicated their intention to seek an extension of the Initial Order, until July 9, 2010.

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. Status of Proceedings;

   6.4. Restructuring plan;

   6.5. Current activities; and

   6.6. 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.

STATUS OF PROCEEDINGS

9. The Monitor established a website to post information relating to the proceedings under the CCAA, with links to the website of the WB Group and to that of the U.S. claims agent. The address of the Monitor's website is www.ey.com/ca/WhiteBirch.

Chapter 15 of the Code

10. As indicated earlier herein, some entities within WB Canada applied for relief under Chapter 15 of the Code. We are informed that the petition for relief was granted in its entirety by the U.S Court, after a hearing held on March 22, 2010. As a result, the Canadian proceedings under the CCAA were recognised as foreign main proceedings, White Birch Paper Company was recognised as the duly appointed foreign representative and the Initial Order (as amended, modified or extended from time to time) was given full force and effect in the U.S.

11. The notification process was delegated by White Birch Paper Company to Garden City Group, Inc., which acts as the claims agent in the proceedings under Chapter 11 of the Code in respect of Bear Island. We are informed that all notification required by the U.S. Court, which includes a mailing and a publication in the international edition of the Financial Times, the national edition of the Wall Street Journal and the Richmond Times-Dispatch, have been effected.

Chapter 11 of the Code

12. As indicated earlier herein, Bear Island commenced a case under Chapter 11 of the Code. In connection with these proceedings, Bear Island filed a number of petitions, the more relevant being:

	Motion	**Status**
12.1.	Motion to Establish Certain Notice, Case Management and Administrative Procedures	Granted
12.2.	Motion for Authority to Pay Prepetition Claims of Shippers and Materialman's Lien Claimants	Granted
12.3.	Motion for Authority to Maintain and Administer Customer Programs and Honor Prepetition Obligations to Customers	Granted
12.4.	Motion for Authority to Pay Certain Prepetition Taxes and Fees	Interim order made on February 26, 2010, order granted March 22, 2010
12.5.	Motion Determining Adequate Assurance of Payment for Future Utility Services	Interim order made on February 26, 2010, order granted March 22, 2010
12.6.	Motion for Authority to Continue Prepetition Insurance Coverage and Maintain Postpetition Financing of Insurance Premiums	Granted

12.7.	Motion for Authority to Pay Prepetition Wages, Salaries and Other Compensation, Expenses and Benefits	Interim order made on February 26, 2010, order granted March 22, 2010
12.8.	Motion for Authority to Continue to Use Cash Management System and Existing Business Forms and to Maintain and Continue Existing Investment Practices and Ordinary Course Intercompany Transactions	Granted by order made February 26, 2010, subsequently changed on March 22, 2010 to an interim order
12.9.	Motion for Authority to Obtain Secured Postpetition Financing and to Use Cash Collateral	Interim order made on February 26, 2010, order granted March 22, 2010
12.10.	Motion to Approve Entry of an Order Implementing a Procedural Protocol for the Administration of Cross-Border Insolvency Proceedings	Granted

13. With regards to the Motion referred to in paragraph 12.8 above, an order was made at the request of Bear Island on February 26, 2010 as part of the "first day motions", however this order was changed to an interim order at the request of the Official Committee of Unsecured Creditors of Bear Island ("**OCUC**"). The concern of the OCUC appears to be that the order should remain an interim order until such time as a final hearing is held in respect of the Cash Management, to assess whether or not the assets of Bear Island are being inappropriately transferred to the WB Canada entities, and if so to alter the Cash Management Order to prohibit such transfers or otherwise limit them unless Bear Island is provided adequate protection to ensure that it will be able to recover assets transferred to the WB Canada entities.

14. With regards to the Motion referred to in paragraph 12.9, this motion was granted on an interim basis, by order made on February 26, 2010, pending the final hearing to be held on March 22, 2010. Representations, contestations and/or requests for amendments of the requested order were filed by the OCUC, by Dune Capital LP, Dune Capital International Ltd and WTA Dune Limited (collectively, the "**Dune Group**") and by the Toronto-Dominion Bank. We understand from our discussions with the representatives of Bear Island in the U.S., that at the hearing on March 22, 2010, the U.S. Court approved the Interim Financing[7], on terms substantially consistent with the requested relief, although the written judgment is not yet available as of the date of drafting this report. The only variation appears to relate to the relative priority of certain administrative claims if there were eventually a proceeding under Chapter 7 of the Code. We understand this issue is not expected to be significant, however, this represents a slight departure from the requested relief, which was a condition of the Interim Financing and as a result, Bear Island is awaiting confirmation from the Interim Financing lender that it is satisfied with the final order received in the U.S.

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[7] As defined in the report of the Monitor dated March 17, 2010 at paragraph 7.

15. On March 3, 2010, the U.S. Trustee appointed members to form the OCUC. The OCUC retained counsel in the U.S. on March 5, 2010, and retained a financial adviser on March 10, 2010.

16. A meeting of creditors of Bear Island was called, as required under section 341 of the Code, for April 7, 2010 at 2:30 pm, at the office of the U.S. Trustee, at 701 East Broad Street, Suite 4300, Richmond, Virginia, 23219-1885.

RESTRUCTURING PLAN

17. WB Group has not yet had an opportunity to start discussions with the creditor groups, towards developing a restructuring plan.

18. As mentioned in the report of the Monitor dated February 23, 2010, the Interim Financing provides for a series of milestones, designed to ensure that the process leading to the formulation of a plan and its presentation to the creditors for approval runs swiftly. The milestones provide, inter alia, for a sale process to be initiated for the business as a whole, if and when WB Group realizes that a settlement with the creditors will not be feasible within the required delays. The milestones incorporated in the Interim Financing credit agreement provide for the following:

	Milestone	**Target**
18.1.	Presentation of a motion (“**SISP Motion**”) seeking approval of a sale and investor solicitation process for the business as a whole	April 23, 2010
18.2.	Presentation of a motion addressing the claims process and the bar date	April 30, 2010
18.3.	Approval of the SISP Motion	May 1, 2010
18.4.	Approval of a claims process and bar date	May 14, 2010
18.5.	Execution of a lock-up and plan support agreement with the First Term Loan[8] lenders	June 15, 2010
18.6.	Filing of a formal plan and presentation of a motion for an authorization to call a meeting of creditors	June 30, 2010
18.7.	Approval by the Court of the motion for an authorization to call a meeting of creditors	July 9, 2010
18.8.	Approval of the disclosure statement in the U.S.	August 2, 2010

[8] As defined in the report of the Monitor dated February 23, 2010, paragraph 31.

18.9.	Limit date to hold a meeting of creditors	August 30, 2010
18.10.	Approval of a plan in respect of WB Canada by the Court	September 3, 2010
18.11.	Approval of a plan in respect of Bear Island by the U.S. Court	September 15, 2010
18.12.	Plan put in effect	September 27, 2010

19. In the event that the milestones referred to in paragraphs 18.5 or 18.7 are not met, the following requirements must be met:

	Milestone	**Target**
19.1.	Execution of an asset purchase agreement in preparation for a bidding process (i.e. a "**Stalking Horse Purchase Agreement**")	August 2, 2010
19.2.	Presentation of a motion seeking approval of a sale to the Stalking Horse bidder, subject to higher and better offers, approval of bidding procedures and scheduling of an auction and sale hearing	August 2, 2010
19.3.	Approval of the motion described in paragraph 19.2 by the Court and the U.S. Court	August 16, 2010
19.4.	Auction process	August 23, 2010
19.5.	Approval of a sale transaction by the Court and the U.S. Court	August 26, 2010
19.6.	Limit date to execute a sale agreement	September 13, 2010 or September 27, 2010

20. As can be appreciated by the above, the timelines provided for in the Interim Financing credit agreement are aggressive and designed to keep all stakeholders focused on a rapid restructuring timeline.

CURRENT ACTIVITIES

21. The Monitor prepared a report to the Court, dated March 17, 2010, that addresses the current activities of the WB Group. The matters discussed in the said report are still relevant, and will not be repeated herein. The present report only addresses matters that have changed since the report dated March 17, 2010.

Cash flow results/Interim Financing

22. To date, WB Group borrowed US$93 million against the delayed draw term loan. An additional request was made for a draw of US$11 million, however the funds had not yet been received at the time of drafting the present report.

23. The drawings are consistent with the cash flow projections that were prepared for the WB Group for the 13 week period ending May 14, 2010, which were used to compile the cash flow projections of WB Canada, filed (under seal) with the petition for the issuance of an interim order (as appendix P-6 thereof). The cash flow projections of the WB Group for the 13 week period ending May 14, 2010 are attached hereto as Appendix A.

24. WB Group and its advisors prepared a comparison of the actual and projected results, for the 3 weeks ended March 12, 2010, 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. As of the date of drafting this report, the comparison of results for the four weeks ended March 19, 2010 was being prepared, but was not yet available.

25. Essentially, the comparison of actual and projected results for the 3 weeks ended March 12, 2010 indicate that while the projections contemplated a negative cash flow of US$42.6 million[9] for the 3 week period, the actual results yielded a positive cash flow of US$1.5 million, or a favourable variance of US$44.2 million. The variance is attributed primarily to the following:

    25.1. Higher than projected collection of accounts receivable, by approximately US$12.7 million. The projections contemplated a temporary slowdown in collections as a result of the uncertainty surrounding the restructuring process, which does not appear to have occurred, and the accounts receivable collection were projected conservatively.

    Since the projected receipts are based on accounts receivable balances, an excess in collection over the projected amount is a timing difference, as the gross amount of accounts receivable is depleted.

    25.2. Lower than projected disbursements, by approximately US$31.5 million. Although some of the variance relates to savings, the major portion of the variance is attributed to the lower activity in the period immediately following the inception of the restructuring process, as deliveries of goods and services were delayed while arrangements were being made to satisfy the suppliers that they would be paid for on-going provision of merchandise or services, by negotiating limited credit facilities with the suppliers, or providing them with deposits, or making arrangements for "COD" payments.

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[9] The reader will notice that the cash flow budget attached as Appendix A indicates a projected negative cash flow variance of US$41.6 million for the 3 week period, and not US42.6 million as mentioned in the comparison of actual and projected results. The analysis of actual and budgeted results is based on the budget approved for the purposes of the Interim Financing facility, which presented a small change as compared with the projections attached as Appendix A, pertaining to additional projected professional fees of approximately US1.0 million.

The lower level of activity is not a permanent difference, as the lower activity tends to deplete inventories, which will need to be increased in order to ensure that the operations run efficiently. As such, EYI considers that the variance in disbursements is, in large part, a timing variance that is likely to reverse itself in the future.

26. In view of the favourable variance in results as compared with the projections prepared by WB Group concurrently with the inception of the restructuring process (Appendix A), and the fact that to date, two draws were made, a portion of which was used to enhance the cash position in anticipation of having to fund negative cash flow, WB Group's cash on hand currently stands at approximately US$56 million, as at March 19, 2010. This represents a net decrease in cash on hand of US$5.4 million as compared with the cash on hand as at March 12, 2010.

27. The comparison of actual and projected results (Appendix B) also presents data compiled to isolate the results of WB Canada[10]. The results for WB Canada indicate a favourable variance of US$12.1 million in receipts, and a favourable variance of US$20.9 million in disbursements, for a net favourable variance of US$33 million in the cash flow as compared with the projections. The explanations for the variances are similar to those outlined above in paragraph 25.

28. The comparison of actual and budgeted results suggests that the actual cash flow results of US$1.5 million for WB Group is comprised of a net cash flow deficit of US$2.2 million for WB Canada and a net cash flow surplus of US$3.7 million for Bear Island, which suggests that the results for Bear Island are superior to those of WB Canada. However, this conclusion would be incorrect, as the report only reflects actual cash transactions and does not include a provision for accrued obligations between the components of WB Group. For example, the results for WB Canada include all of the payments made in respect of the Interim Financing fees while a portion thereof (estimated at 15%, or US$1.1 million based on the relative size of Bear Island and WB Canada) should be allocated to Bear Island, some fees and expenses are paid and accounted for as part of the cash flow of WB Canada although these should be allocated in part to Bear Island, and finally the cash flow results of WB Canada include US$1.3 million in amounts transferred to Bear Island.

To properly compare the performance of Bear Island and WB Canada, it would be necessary to take into consideration the actual performance on an accrual basis, making appropriate allowance for the changes in accounts receivable and inventories and making provision for the accounts payable that relate to transactions after the date of the inception of the restructuring proceedings. This information is not presently available, so it is too early to assess whether one component of WB Group outperforms the other.

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[10] The reader will notice that the projected results presented in the comparison of actual and projected results are slightly different from the amounts appearing in the projections filed (under seal) by the Applicants with the petition for the issuance of an interim order (as appendix P-6 thereof). This is due in part to the adjustment to the projected professional fees as explained in note 9 above, and in part to an error in transcribing data, during the process of compiling the projected results for WB Canada, the consequence of which is that some of the financial data is labeled as pertaining to an entity, but in fact pertains to another. The adjustment made in respect of this error does not affect the numbers in aggregate.

Updated projections

29. Management provided us with an updated cash flow projection for WB Group, for the 17 weeks ending July 9, 2010, and these cash flow projections are attached to this report as Appendix C[11]. The opening cash position, on these cash flow projections, represents the actual cash on hand as of March 12, 2010. The remainder of the amounts presented for the week of March 19, 2010 represent a projection, as the projections have not yet been updated to reflect the actual results for the week ended March 19, 2010. The actual results for that week will still present a favourable variance, since the updated projection reflects cash on hand of US$49.9 million, while the actual cash on hand was US$56 million. As indicated earlier herein, we consider these variances are, for the most part, a timing difference.

30. 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 the projections.

CONCLUSIONS AND RECOMMENDATION

31. The Monitor believes that a further extension of the stay of proceedings until July 9, 2010, to allow WB Group to file a plan of arrangement by June 30, 2010, will not cause a substantial prejudice to the creditors of WB Group.

32. 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, and will likely be capable of presenting a plan of arrangement during or at the expiry of the requested extension period.

33. Based on the foregoing, the Monitor recommends that the Court grant an extension of the stay of proceedings.

All of which is respectfully submitted this 25th day of March 2010.

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

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[11] Management has also provided us with an updated cash flow projection for WB Canada, for the 17 week period ending July 9, 2010, 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.

Appendix A – Cash flow projections of WB Group - 13 weeks ending May 14, 2010

White Birch Paper

13-Week DIP Cash Flow Forecast

Weeks Ending February 19 through May 14, 2010

23/02/2010

Confidential

White Birch Paper **CONSOLIDATED- DIP Basis** **CONFIDENTIAL**

Rolling Weekly Forecast **In $000's**

Weeks Ending February 19, 2010-May 14, 2010

	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
	2/19	2/26	3/5	3/12	3/19	3/26	4/2	4/9	4/16	4/23	4/30	5/7	5/14	Total
Operating Receipts														
Bear Island	$ 2,847	$ 4,773	$ 1,325	$ 1,525	$ 2,525	$ 2,975	$ 2,919	$ 1,675	$ 1,475	$ 2,575	$ 4,219	$ 1,675	$ 1,475	$ 31,981
Stadacona	3,543	6,274	3,849	4,737	5,365	8,931	4,189	5,260	5,274	5,693	9,061	4,912	3,210	70,298
F. F. Soucy	3,111	2,338	2,995	1,133	2,752	2,839	7,894	2,437	3,085	1,971	3,712	2,403	1,878	38,550
Papier Masson	3,202	4,305	1,976	1,586	1,142	3,799	1,919	1,592	1,298	2,290	3,051	1,809	2,056	30,025
Accounts Receivable Contraction	(1,905)	(2,653)	(1,522)	558	886	(1,260)	(1,191)	123	1,112	659	(1,362)	50	586	(5,919)
Total Operating Receipts	10,797	15,036	8,624	9,539	12,670	17,284	15,730	11,087	12,244	13,187	18,681	10,849	9,206	164,935
Operating Disbursements														
Fiber	(3,186)	(2,979)	(2,798)	(2,652)	(2,996)	(2,487)	(3,306)	(2,437)	(3,184)	(2,437)	(3,110)	(2,558)	(2,704)	(36,833)
Chemicals	(405)	(883)	(654)	(1,319)	(710)	(673)	(1,185)	(1,111)	(693)	(673)	(964)	(677)	(1,078)	(11,025)
Electricity	-	(1,375)	(734)	(577)	(626)	(11,879)	(687)	(577)	(626)	(12,399)	(681)	(577)	(577)	(31,314)
Recycle Material	(1,272)	(1,297)	(959)	(934)	(934)	(937)	(1,324)	(934)	(934)	(934)	(1,324)	(934)	(934)	(13,649)
Other Materials and Other Utilities	(2,150)	(1,717)	(1,766)	(1,512)	(2,238)	(1,548)	(1,554)	(1,674)	(1,621)	(1,636)	(1,767)	(1,767)	(1,649)	(22,599)
Property Taxes	-	(635)	-	(5)	-	-	-	-	(16)	-	-	-	-	(656)
Salaried and Hourly Payroll- Gross	(1,737)	(1,281)	(2,006)	(1,427)	(1,686)	(1,264)	(1,490)	(1,533)	(1,884)	(1,285)	(1,500)	(1,347)	(1,867)	(20,308)
Pension Plan and Group insurance	(517)	(2,332)	(3)	(2)	(528)	(2,332)	(3)	(2)	(3)	(526)	(2,333)	(2)	(550)	(9,131)
Freight	(2,102)	(1,580)	(1,690)	(1,253)	(2,160)	(919)	(2,510)	(1,026)	(2,514)	(911)	(1,755)	(1,686)	(1,269)	(21,377)
Maintenance Equipment	(327)	(354)	(377)	(425)	(393)	(474)	(390)	(299)	(343)	(363)	(294)	(291)	(305)	(4,635)
Major Maintenance	(325)	(126)	(177)	(166)	(163)	(180)	(216)	(126)	(190)	(166)	(176)	(126)	(126)	(2,264)
Capital Expenditures	-	-	-	(47)	-	(14)	(86)	-	-	-	(235)	(68)	-	(450)
Professional Fees	(50)	(70)	(193)	(70)	(70)	(71)	(74)	(138)	(71)	(95)	(74)	(124)	(70)	(1,169)
Leases	(2)	(12)	(85)	(37)	(7)	(7)	(91)	(13)	(32)	(7)	(7)	(96)	(32)	(427)
Other	(220)	(470)	(222)	(220)	(220)	(220)	(345)	(220)	(220)	(245)	(343)	(247)	(245)	(3,437)
Management Fee	(710)	(820)	0	-	(710)	-	(710)	-	(710)	-	(710)	-	(710)	(5,079)
Bankruptcy Impacts	-	(3,715)	(18,266)	(4,978)	(1,101)	(2,173)	(2,285)	(3,038)	(3,503)	(989)	3,116	1,854	1,808	(33,268)
Total Operating Disbursements	(13,004)	(19,646)	(29,930)	(15,623)	(14,541)	(25,177)	(16,255)	(13,127)	(16,544)	(22,666)	(12,158)	(8,646)	(10,305)	(217,622)
Net Operating Cash Flow	(2,207)	(4,610)	(21,307)	(6,084)	(1,871)	(7,893)	(526)	(2,040)	(4,300)	(9,479)	6,523	2,203	(1,098)	(52,687)
Non Operating Cash Flow and Restructuring														
Restructuring Professional Fees	(287)	(1,075)	(406)	(745)	(507)	(975)	(486)	(745)	(457)	(975)	(436)	(700)	(482)	(8,276)
Restructuring Bank Fees and Other Expenses	-	(7,100)	-	-	-	-	-	-	-	-	-	-	-	(7,100)
Intercompany Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Payments	(28)	(307)	-	-	-	-	(1,015)	-	-	(53)	(1,036)	-	-	(2,438)
Total Non-Operating Cash Flow and Restructuring	(315)	(8,482)	(406)	(745)	(507)	(975)	(1,501)	(745)	(457)	(1,028)	(1,472)	(700)	(482)	(17,815)
Net Operating Receipts (Disbursements)	$ (2,522)	$ (13,092)	$ (21,713)	$ (6,829)	$ (2,378)	$ (8,868)	$ (2,026)	$ (2,785)	$ (4,757)	$ (10,506)	$ 5,051	$ 1,503	$ (1,580)	$ (70,502)
BEG. BOOK CASH BALANCE	$ 18,423	$ 19,900	$ 19,900	$ 19,900	$ 19,900	$ 19,900	$ 19,900	$ 19,900	$ 19,900	$ 19,900	$ 18,306	$ 23,357	$ 24,861	$ 18,423
Net Receipts (Disbursements)	(2,522)	(13,092)	(21,713)	(6,829)	(2,378)	(8,868)	(2,026)	(2,785)	(4,757)	(10,506)	5,051	1,503	(1,580)	(70,502)
DIP Term Loan Borrowing	-	63,732	21,713	6,829	2,378	8,868	2,026	2,785	4,757	8,912	-	-	-	122,000
GE ABL Borrowing (Repayment)	4,000	(50,640)	-	-	-	-	-	-	-	-	-	-	-	(46,640)
ENDING BOOK CASH BALANCE	19,900	19,900	19,900	19,900	19,900	19,900	19,900	19,900	19,900	18,306	23,357	24,861	23,280	23,280
Unused DIP Commitment	-	58,268	36,555	29,726	27,348	18,480	16,454	13,669	8,912	-	-	-	-	-
LIQUIDITY	$ 19,900	$ 78,168	$ 56,455	$ 49,626	$ 47,249	$ 38,380	$ 36,354	$ 33,569	$ 28,812	$ 18,306	$ 23,357	$ 24,861	$ 23,280	$ 23,280
DIP TERM LOAN BALANCE														
DIP Loan Balance at Beg. of Week	$ -	$ -	$ 63,732	$ 85,445	$ 92,274	$ 94,652	$ 103,520	$ 105,546	$ 108,331	$ 113,088	$ 122,000	$ 122,000	$ 122,000	$ -
DIP Term Loan Borrowing	-	63,732	21,713	6,829	2,378	8,868	2,026	2,785	4,757	8,912	-	-	-	122,000
DIP Loan Balance at End of Week	$ -	$ 63,732	$ 85,445	$ 92,274	$ 94,652	$ 103,520	$ 105,546	$ 108,331	$ 113,088	$ 122,000	$ 122,000	$ 122,000	$ 122,000	$ 122,000

White Birch Paper
13 Weekly Cash Flow Forecast **CONFIDENTIAL**
Weeks Ending February 19, 2010-May 14, 2010

Key Assumptions:

1 - Bankruptcy Filing Scenario:

- February 24, 2010 Petition Date
- Accounts receivable contraction estimate assumes delayed collection of approximately 15% of amounts due
- Trade payables payments contraction and cash deposits approximating 15 days of payables occurs in the weeks ending 2/26 and 3/5, to reflect COD payments. Additional contraction to terms approximating 7 days beginning in the week ending 3/12 is estimated to be cash neutral and offset by stayed payables at the filing date
- Freight possessory liens - $5 million CAD in Canada and $0.5 million in the US is assumed to be paid in full in the week of filing and have been contracted to COD terms
- Prior service cost component of pension contributions in Canada of CAD $1.5 million beginning with the February payments are suspended until emergence - savings of approximately $1.5 million CAD per month
- CAD Utility Deposits - Two weeks of utility deposits (appx. $5 million CAD) to secure post-petiion service are made in the week ending 3/12
- US Utility Deposits - a $1.2 million deposit is made in the week ending 3/12 to secure post petition service, with weekly payments thereafter
- Letters of Credit and Cash Deposits - Current letters of credit outstanding on the filing date of $11.1 million have been cash collateralized in the repayment of loan balances to the ABL lender. An additional $13.7 million of cash collateralized letters of credit and cash deposits are assumed to be issued beginning in the weeks ending 3/26 through 4/16 for trade vendors
- Projected cash balances should be viewed on a consolidated basis only. Negative cash balances at certain of the locations could be covered by available cash at other locations through the Company's cash management process.

2 - Includes the Following DIP Financing Assumptions:

- Pre-petition ABL facility assumed to be 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 monthly as due
  - Borrowings subject to weekly calculations based on budgeted net disbursements, limited by the lesser of unused DIP commitment supported by the borrowing base or the DIP commitment less outstandings and reserves
  - DIP loans paid or repaid may not be reborrowed. Forecast does not repay loans in weeks when cash collections exceed budgeted net disbursements
- Aggregate reserves approximate $18 million for the administrative charge, a carve-out for US professional fees and a Canadian Priority Reserve
- Assumes that borrowings will be made in any week in which there is negative cash flow, subject to availability of unused DIP Liquidiy
- Liquidity at any given week includes undrawn DIP commitment that is not yet available for draw based on budgeted net disbursements

3 - Assumes spot rate of C$1.03 to US $1 throughout the forecast period

4 - Assumes full production at all mills based on latest production schedule

5 - DIP forecast preliminary and subject to approval of the lenders

Appendix B – Comparison of actual and projected results for the 3 weeks ended March 12, 2010

White Birch Paper

Cash Flow Forecast - Variance Report
Actual Compared With DIP Budget

For the Week Ended March 12, 2010

18/03/2010

Confidential

White Birch Paper
Cash Flow Forecast Variance Report to DIP Budget
Week Ended March 12, 2010

Consolidated
In $000's

	Current Week Variance to Approved DIP Budget			Cumulative Variance to Approved DIP Budget		
	Actual Wk Ended 3/12	DIP Budget Wk Ended 3/12	B (W) than DIP Budget 3/12	Actual 2/26 Through 3/12	DIP Budget 2/26 Through 3/12	B (W) than DIP Budget 3/12
Operating Receipts						
Bear Island	$ 2,682	$ 1,525	$ 1,157	$ 7,831	$ 7,622	$ 209
Stadacona	4,905	4,737	168	19,727	14,860	4,867
F.F. Soucy	3,463	1,133	2,330	10,193	6,465	3,728
Papier Masson	2,149	1,586	563	8,119	7,867	251
Accounts Receivable Contraction	-	558	(558)	-	(3,617)	3,617
Total Operating Receipts	13,199	9,539	3,660	45,870	33,199	12,671
Operating Disbursements						
Fiber	(2,884)	(2,652)	(232)	(3,603)	(8,429)	4,826
Chemicals	(522)	(1,319)	798	(1,193)	(2,856)	1,663
Electricity	(2,987)	(577)	(2,410)	(2,987)	(2,687)	(300)
Recycle Material	(908)	(934)	26	(2,083)	(3,189)	1,106
Other Materials and Other Utilities	(1,909)	(1,512)	(397)	(4,029)	(4,995)	966
Property Taxes	(4)	(5)	1	(754)	(640)	(114)
Salaried and Hourly Payroll - Gross	(1,259)	(1,427)	168	(4,397)	(4,714)	317
Pension Plan and Group Insurance	(1)	(2)	1	(1,364)	(2,336)	972
Freight	(1,941)	(1,253)	(688)	(4,284)	(4,524)	240
Maintenance Equipment	(230)	(425)	195	(298)	(1,156)	858
Major Maintenance	-	(166)	166	-	(470)	470
Capital Expenditures	-	(47)	47	-	(47)	47
Professional Fees	-	(70)	70	(6)	(333)	327
Leases	(20)	(37)	17	(20)	(134)	114
Other	(104)	(220)	116	(312)	(912)	600
Management Fee	-	-	-	(820)	(820)	(0)
Bankruptcy Impacts	(2,451)	(4,978)	2,527	(9,346)	(26,959)	17,613
Total Operating Disbursements	(15,219)	(15,624)	404	(35,497)	(65,200)	29,704
Net Operating Cash Flow	(2,020)	(6,084)	4,064	10,373	(32,002)	42,375
Non Operating Cash Flow and Restructuring						
Restructuring Professional Fees	(159)	(745)	586	(1,398)	(3,236)	1,838
Restructuring Bank Fees and Other Expenses	-	-	-	(7,100)	(7,100)	-
Intercompany Transfers	-	-	-	-	-	-
Interest Payments	-	-	-	(330)	(307)	(23)
Total Non-Operating Cash Flow and Restructuring	(159)	(745)	586	(8,828)	(10,643)	1,815
Net Operating Receipts (Disbursements)	$ (2,179)	$ (6,829)	$ 4,650	$ 1,545	$ (42,645)	$ 44,190
BEG. BOOK CASH BALANCE	$ 57,123	$ 19,900	$ 37,223	$ 18,147	$ 19,900	$ (1,753)
Net Receipts (Disbursements)	(2,179)	(6,829)	4,650	1,545	(42,645)	44,190
DIP Term Loan Borrowing	6,500	6,829	(329)	92,955	93,284	(329)
GE ABL Borrowing (Repayment)	-	-	-	(51,204)	(50,640)	(564)
ENDING BOOK CASH BALANCE	61,443	19,900	41,544	61,443	19,900	41,544
Unused DIP Commitment	29,045	28,716	329	29,045	28,716	329
LIQUIDITY	$ 90,488	$ 48,616	$ 41,873	$ 90,488	$ 48,616	$ 41,873
DIP TERM LOAN BALANCE						
DIP Loan Balance at Beg. of Week / Period	$ 86,455	$ 86,455	$ -	$ -	$ -	$ -
DIP Term Loan Borrowing	6,500	6,829	(329)	92,955	93,284	(329)
DIP Loan Balance at End of Week / Period	$ 92,955	$ 93,284	$ (329)	$ 92,955	$ 93,284	$ (329)

White Birch Paper Holding Company - WB Canada Only
Cash Flow Forecast - Cumulative Variance Report to Budget
Weeks Ended 2/26 through 3/12, 2010

	Cumulative Variance to Approved Budget		
	Actual 2/26 Through 3/12	DIP Budget 2/26 Through 3/12	B (W) than DIP Budget 3/12
Operating Receipts			
Stadacona	19,727	14,860	4,867
F.F. Soucy	10,193	6,467	3,726
Papier Masson	8,119	7,867	251
Accounts Receivable Contraction	-	(3,305)	3,305
Total Operating Receipts	38,039	25,890	12,149
Operating Disbursements			
Fiber	(2,841)	(7,644)	4,803
Chemicals	(1,250)	(2,231)	981
Electricity	(2,437)	(365)	(2,072)
Recycle Material	(2,003)	(2,294)	292
Other Materials and Other Utilities	(3,422)	(4,094)	672
Property Taxes	(750)	(635)	(115)
Salaried and Hourly Payroll - Gross	(3,536)	(3,659)	123
Pension Plan and Group Insurance	(1,364)	(2,336)	972
Freight	(3,628)	(3,734)	106
Maintenance Equipment	(271)	(483)	212
Major Maintenance	-	(379)	379
Capital Expenditures	-	-	-
Professional Fees	(6)	(326)	320
Leases	-	(83)	83
Other	(312)	(912)	600
Management Fee	-	(740)	740
Bankruptcy Impacts	(8,379)	(22,178)	13,799
Total Operating Disbursements	(30,199)	(52,092)	21,893
Net Operating Cash Flow	7,840	(26,203)	34,042
Non Operating Cash Flow and Restructuring			
Restructuring Professional Fees	(1,333)	(2,834)	1,501
Restructuring Bank Fees and Other Expenses	(7,100)	(6,035)	(1,065)
Intercompany Transfers	(1,269)	-	(1,269)
Interest Payments	(330)	(158)	(172)
Total Non-Operating Cash Flow and Restructuring	(10,032)	(9,027)	(1,006)
Net Operating Receipts (Disbursements)	$ (2,193)	$ (35,229)	$ 33,036
BEG. BOOK CASH BALANCE	$ 15,174	$ 11,420	$ 3,753
Net Receipts (Disbursements)	(2,193)	(35,229)	33,036
DIP Term Loan Borrowing	92,955	81,549	11,406
GE ABL Borrowing (Repayment)	(51,204)	(46,320)	(4,884)
ENDING BOOK CASH BALANCE	54,732	11,420	43,311
Unused DIP Commitment	29,045	22,151	6,894
LIQUIDITY	$ 83,777	$ 33,571	$ 50,206
DIP TERM LOAN BALANCE			
DIP Loan Balance at Beg. of Week / Period	$ -	$ -	$ -
DIP Term Loan Borrowing	92,955	81,549	11,406
DIP Loan Balance at End of Week / Period	$ 92,955	$ 81,549	$ 11,406

Appendix C – Cash flow projections of WB Group - 17 weeks ending July 9, 2010

White Birch Paper

17-Week Cash Flow Forecast

Weeks Ending March 19 through July 9, 2010

24/03/2010

Confidential

White Birch Paper **CONSOLIDATED** **CONFIDENTIAL**

Rolling Weekly Forecast **In $000's**

Weeks Ended March 19, 2010-July 9, 2010

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
	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	Wk Ending	Wk Ending	Wk Ending	Wk Ending	17 Week
	3/19	3/26	4/2	4/9	4/16	4/23	4/30	5/7	5/14	5/21	5/28	6/4	6/11	6/18	6/25	7/2	7/9	Total
Operating Receipts																		
Bear Island	$ 2,582	$ 2,225	$ 3,144	$ 1,786	$ 1,586	$ 2,575	$ 4,219	$ 1,675	$ 1,475	$ 2,075	$ 3,319	$ 1,975	$ 1,375	$ 1,325	$ 4,369	$ 2,125	$ 1,525	$ 39,355
Stadacona	4,545	8,380	4,708	4,045	4,517	5,769	10,421	3,948	5,126	3,972	9,144	4,772	4,451	5,371	6,264	6,852	4,571	96,857
F. F. Soucy	1,435	2,048	9,161	2,367	1,823	1,971	3,787	3,332	3,078	2,295	2,672	2,943	1,878	3,050	1,978	3,706	1,878	49,403
Papier Masson	1,703	3,435	1,798	1,851	1,424	1,804	3,449	2,879	2,090	2,100	3,666	2,403	2,247	1,670	2,595	3,535	1,935	40,583
Accounts Receivable Contraction	(1,540)	(2,413)	(2,821)	32	1,011	1,004	(1,774)	(373)	52	1,715	(1,045)	(48)	73	1,108	(467)	(940)	226	(6,200)
Total Operating Receipts	8,725	13,675	15,988	10,081	10,360	13,123	20,102	11,461	11,822	12,157	17,756	12,044	10,026	12,524	14,739	15,278	10,136	219,998
Operating Disbursements																		
Fiber	(2,908)	(2,693)	(2,747)	(2,747)	(2,893)	(2,747)	(2,722)	(2,797)	(2,943)	(2,797)	(2,797)	(2,797)	(2,943)	(2,772)	(2,760)	(2,797)	(2,943)	(47,801)
Chemicals	(667)	(787)	(964)	(871)	(1,060)	(778)	(906)	(804)	(853)	(1,046)	(829)	(835)	(822)	(1,078)	(854)	(835)	(828)	(14,819)
Electricity	(3,340)	(2,970)	(3,062)	(3,179)	(3,918)	(3,132)	(3,056)	(3,003)	(3,079)	(4,131)	(3,080)	(3,104)	(3,011)	(3,227)	(4,033)	(3,127)	(3,027)	(55,483)
Recycle Material	(883)	(1,101)	(1,114)	(1,043)	(1,078)	(1,043)	(1,393)	(1,043)	(1,078)	(1,043)	(1,393)	(1,043)	(1,078)	(1,043)	(1,388)	(1,043)	(1,078)	(18,890)
Other Materials and Other Utilities	(1,748)	(1,212)	(1,621)	(1,961)	(1,762)	(1,797)	(1,768)	(1,876)	(1,714)	(1,676)	(1,749)	(1,726)	(2,053)	(1,736)	(1,695)	(1,720)	(2,088)	(29,902)
Property Taxes	(5)	-	-	-	(16)	-	-	-	-	(712)	-	-	-	(16)	-	-	-	(749)
Salaried and Hourly Payroll- Gross	(1,779)	(1,752)	(1,521)	(1,446)	(1,581)	(1,728)	(1,647)	(1,611)	(1,603)	(1,728)	(1,647)	(1,626)	(1,140)	(2,012)	(1,809)	(1,460)	(1,547)	(27,635)
Pension Plan and Group insurance	(537)	(471)	(353)	(113)	(3)	(917)	(440)	(113)	(3)	(917)	(440)	(113)	(3)	(917)	(440)	(113)	(3)	(5,897)
Freight	(1,580)	(1,498)	(1,518)	(1,508)	(1,728)	(1,519)	(1,542)	(1,520)	(1,720)	(1,537)	(1,525)	(1,527)	(1,520)	(1,735)	(1,533)	(1,523)	(1,552)	(26,584)
Maintenance Equipment	(190)	(316)	(405)	(382)	(434)	(335)	(448)	(325)	(351)	(326)	(448)	(316)	(318)	(330)	(437)	(348)	(334)	(6,045)
Major Maintenance	(277)	(148)	(177)	(160)	(248)	(712)	(516)	(126)	(126)	(166)	(216)	(166)	(126)	(176)	(216)	(266)	(216)	(4,041)
Capital Expenditures	(23)	(14)	(126)	(111)	-	-	(235)	(77)	-	-	-	-	-	-	(117)	(39)	-	(742)
Professional Fees	(52)	(52)	(138)	(50)	(51)	(25)	(55)	(134)	(50)	(50)	(55)	(119)	(55)	(50)	(55)	(136)	(53)	(1,179)
Leases	(17)	(8)	(91)	(13)	(32)	(7)	(7)	(95)	(32)	(7)	(6)	(86)	(1)	(32)	(7)	(91)	(16)	(547)
Other	(52)	(52)	(175)	(52)	(52)	(77)	(175)	(77)	(77)	(77)	(77)	(175)	(52)	(77)	(77)	(177)	(77)	(1,579)
Management Fee	(660)	-	(710)	-	(710)	-	(710)	-	(710)	-	(710)	-	-	(709)	-	(709)	-	(5,627)
Bankruptcy Impacts	(5,202)	(5,202)	(4,652)	(8,152)	(8,152)	(3,500)	(3,234)	-	-	-	-	-	-	5,000	4,000	3,000	-	(26,092)
Total Operating Disbursements	(19,920)	(18,274)	(19,374)	(21,788)	(23,720)	(18,318)	(18,856)	(13,602)	(14,340)	(16,213)	(14,972)	(13,634)	(13,121)	(10,912)	(11,422)	(11,384)	(13,764)	(273,614)
Net Operating Cash Flow	(11,194)	(4,599)	(3,386)	(11,706)	(13,360)	(5,195)	1,246	(2,141)	(2,518)	(4,056)	2,784	(1,589)	(3,095)	1,611	3,317	3,893	(3,628)	(53,616)
Non Operating Cash Flow and Restructuring																		
Restructuring Professional Fees	(345)	(2,239)	(695)	(1,034)	(361)	(834)	(510)	(834)	(511)	(909)	(195)	(1,049)	(476)	(878)	(296)	(1,028)	(376)	(12,568)
Restructuring Bank Fees and Other Expenses	-	(257)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(257)
Intercompany Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Payments	-	-	(1,026)	-	-	-	(1,021)	-	-	-	-	(1,408)	-	-	-	(1,126)	-	(4,581)
Total Non-Operating Cash Flow and Restructuring	(345)	(2,496)	(1,721)	(1,034)	(361)	(834)	(1,531)	(834)	(511)	(909)	(195)	(2,457)	(476)	(878)	(296)	(2,154)	(376)	(17,406)
Net Operating Receipts (Disbursements)	$ (11,539)	$ (7,095)	$ (5,107)	$ (12,740)	$ (13,721)	$ (6,028)	$ (285)	$ (2,975)	$ (3,029)	$ (4,964)	$ 2,589	$ (4,046)	$ (3,572)	$ 733	$ 3,021	$ 1,739	$ (4,004)	$ (71,022)
BEG. BOOK CASH BALANCE	$ 61,443	$ 49,904	$ 53,847	$ 51,240	$ 40,937	$ 32,216	$ 34,221	$ 33,936	$ 30,949	$ 27,920	$ 22,968	$ 25,557	$ 21,549	$ 17,977	$ 18,710	$ 21,731	$ 23,470	$ 61,443
Net Receipts (Disbursements)	(11,539)	(7,095)	(5,107)	(12,740)	(13,721)	(6,028)	(285)	(2,975)	(3,029)	(4,964)	2,589	(4,046)	(3,572)	733	3,021	1,739	(4,004)	(71,022)
DIP Term Loan Borrowing	-	11,000	2,500	2,500	5,000	8,045	-	-	-	-	-	-	-	-	-	-	-	29,045
GE ABL Borrowing (Repayment)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ENDING BOOK CASH BALANCE	49,904	53,809	51,240	41,000	32,216	34,233	33,936	30,961	27,920	22,956	25,557	21,511	17,977	18,710	21,731	23,470	19,466	19,466
Unused DIP Commitment - PER DIP BUDGET	29,045	18,045	15,545	13,045	8,045	-	-	-	-	-	-	-	-	-	-	-	-	-
LIQUIDITY	$ 78,949	$ 71,854	$ 66,785	$ 54,045	$ 40,261	$ 34,233	$ 33,936	$ 30,961	$ 27,920	$ 22,956	$ 25,557	$ 21,511	$ 17,977	$ 18,710	$ 21,731	$ 23,470	$ 19,466	$ 19,466
DIP TERM LOAN BALANCE																		
DIP Loan Balance at Beg. of Week	$ 92,955	$ 92,955	$ 103,955	$ 106,455	$ 108,955	$ 113,955	$ 122,000	$ 122,000	$ 122,000	$ 122,000	$ 122,000	$ 122,000	$ 122,000	122,000	122,000	122,000	122,000	$ 92,955
DIP Term Loan Borrowing	-	11,000	2,500	2,500	5,000	8,045	-	-	-	-	-	-	-	-	-	-	-	29,045
DIP Loan Balance at End of Week	$ 92,955	$ 103,955	$ 106,455	$ 108,955	$ 113,955	$ 122,000	$ 122,000	$ 122,000	$ 122,000	$ 122,000	$ 122,000	$ 122,000	$ 122,000	$ 122,000	$ 122,000	$ 122,000	$ 122,000	$ 122,000

White Birch Paper Company
Borowing Base Calculation - Consolidated
Weeks Ended March 19, 2010-June 11, 2010
In $000's

	1	2	3	4	5	6	7	8	9	10	11	12	13			DIP Forecast	
	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	Wk Ending	Wk Ending	Wk Ending	Wk Ending
	3/19	3/26	4/2	4/9	4/16	4/23	4/30	5/7	5/14	5/21	5/28	6/4	6/11	6/18	6/25	7/2	7/9
Accounts Receivable Balance	$ 93,134	$ 92,731	$ 90,015	$ 95,257	$ 100,220	$ 102,421	$ 97,643	$ 102,374	$ 106,743	$ 110,778	$ 109,214	$ 110,123	$ 113,051	$ 113,481	$ 111,696	$ 109,371	$ 115,428
Advance Rate	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%
Available Accounts Receivable	$ 55,880	$ 55,639	$ 54,009	$ 57,154	$ 60,132	$ 61,453	$ 58,586	$ 61,424	$ 64,046	$ 66,467	$ 65,528	$ 66,074	$ 67,831	$ 68,089	$ 67,017	$ 65,623	$ 69,257
Inventory Balance	$ 69,352	$ 69,221	$ 69,513	$ 68,215	$ 67,240	$ 65,966	$ 65,037	$ 63,085	$ 61,194	$ 60,113	$ 58,447	$ 59,056	$ 59,674	$ 61,302	$ 62,417	$ 62,882	$ 63,976
Less:																	
Stores	30,037	30,037	30,037	30,037	30,037	30,037	30,037	30,037	30,037	30,037	30,037	30,037	30,037	30,037	30,037	30,037	30,037
Packaging, Supplies, Chemicals	4,792	4,792	4,792	4,792	4,792	4,792	4,792	4,792	4,792	4,792	4,792	4,792	4,792	4,792	4,792	4,792	4,792
Unusable Bunker Oil	181	181	181	181	181	181	181	181	181	181	181	181	181	181	181	181	181
Total Ineligible Inventory	35,010	35,010	35,010	35,010	35,010	35,010	35,010	35,010	35,010	35,010	35,010	35,010	35,010	35,010	35,010	35,010	35,010
Eligible Inventory	34,342	34,211	34,503	33,205	32,230	30,956	30,027	28,075	26,184	25,103	23,437	24,046	24,664	26,292	27,407	27,872	28,966
Advance Rate	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%
Available Inventory	$ 13,737	$ 13,684	$ 13,801	$ 13,282	$ 12,892	$ 12,382	$ 12,011	$ 11,230	$ 10,474	$ 10,041	$ 9,375	$ 9,619	$ 9,865	$ 10,517	$ 10,963	$ 11,149	$ 11,586
Accounts Receivable and Inventory Collateral For Next Week	$ 69,617	$ 69,323	$ 67,810	$ 70,436	$ 73,024	$ 73,835	$ 70,596	$ 72,654	$ 74,520	$ 76,508	$ 74,903	$ 75,692	$ 77,696	$ 78,605	$ 77,980	$ 76,772	$ 80,843
Based Upon Budgeted Borrowing Scheme:																	
GROSS BORROWING BASE AVAILABILITY - BEG. OF WEEK																	
Accounts Receivable and Inventory Collateral - Beg. of Week	$ 66,763	$ 69,617	$ 69,323	$ 67,810	$ 70,436	$ 73,024	$ 73,835	$ 70,596	$ 72,654	$ 74,520	$ 76,508	$ 74,903	$ 75,692	$ 77,696	$ 78,605	$ 77,980	$ 76,772
PPE Collateral	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Gross Borrowing Base Availability - Beg. of Week	141,763	144,617	144,323	142,810	145,436	148,024	148,835	145,596	147,654	149,520	151,508	149,903	150,692	152,696	153,605	152,980	151,772
(A) - UNUSED DIP COMMITMENT BASED ON BORROWING BASE AVAILABILITY																	
Gross Borrowing Base Availability	$ 141,763	$ 144,617	$ 144,323	$ 142,810	$ 145,436	$ 148,024	$ 148,835	$ 145,596	$ 147,654	$ 149,520	$ 151,508	$ 149,903	$ 150,692	$ 152,696	$ 153,605	$ 152,980	$ 151,772
Outstanding Borrowings - Beg. of Week	(92,955)	(92,955)	(103,955)	(106,455)	(108,955)	(113,955)	(122,000)	(122,000)	(122,000)	(122,000)	(122,000)	(122,000)	(122,000)	(122,000)	(122,000)	(122,000)	(122,000)
Less: Required Aggregate Reserve	(18,000)	(18,000)	(18,000)	(18,000)	(18,000)	(18,000)	(18,000)	(18,000)	(18,000)	(18,000)	(18,000)	(18,000)	(18,000)	(18,000)	(18,000)	(18,000)	(18,000)
(A) - Unused DIP Commitment Based on Borrowing Base Availability - Beg. of Week	$ 30,808	$ 33,662	$ 22,368	$ 18,355	$ 18,481	$ 16,069	$ 8,835	$ 5,596	$ 7,654	$ 9,520	$ 11,508	$ 9,903	$ 10,692	$ 12,696	$ 13,605	$ 12,980	$ 11,772
(B) - DIP COMMITMENT LESS OUTSTANDINGS AND RESERVES																	
DIP Commitment Amount	$ 140,000	$ 140,000	$ 140,000	$ 140,000	$ 140,000	$ 140,000	$ 140,000	$ 140,000	$ 140,000	$ 140,000	$ 140,000	$ 140,000	$ 140,000	$ 140,000	$ 140,000	$ 140,000	$ 140,000
Outstanding DIP Borrowings - Beg. of Week	(92,955)	(92,955)	(103,955)	(106,455)	(108,955)	(113,955)	(122,000)	(122,000)	(122,000)	(122,000)	(122,000)	(122,000)	(122,000)	(122,000)	(122,000)	(122,000)	(122,000)
Required Aggregate Reserve	(18,000)	(18,000)	(18,000)	(18,000)	(18,000)	(18,000)	(18,000)	(18,000)	(18,000)	(18,000)	(18,000)	(18,000)	(18,000)	(18,000)	(18,000)	(18,000)	(18,000)
(B) - Dip Commitment Less Outstandings and Reserves	$ 29,045	$ 29,045	$ 18,045	$ 15,545	$ 13,045	$ 8,045	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Unused DIP Commitment (Lesser of A or B) - Beg. of Week	$ 29,045	$ 29,045	$ 18,045	$ 15,545	$ 13,045	$ 8,045	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

White Birch Paper
17 Week Cash Flow Forecast
Weeks Ended March 19, 2010-July 9, 2010

CONFIDENTIAL

Key Assumptions:

1 - **Bankruptcy Filing:**
- Actual Petition Date was February 24, 2010
- Accounts receivable contraction estimate assumes 3 week delayed collection of approximately 15% of amounts due
- Trade payables contraction and cash deposits assumed to occur in the 5 weeks, beginning with ending 3/19 with loosening beginning in week ending 6/19
- Possessory liens / freight contraction of $1.1 million is assumed to be paid in full in the weeks of 3/19 and 3/26, and forecast payments are assumed to be made on supplier terms
- 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
- Letters of Credit and Cash Deposits - Letters of credit outstanding on the filing date of (appx. $11.1 million) cash were collateralized in the repayment of loan balances to the ABL lender that occurred on March 1. An additional $13.7 million of cash collateralized letters of credit and cash deposits are assumed to be issued beginning in the weeks ending 4/9 through 4/30 for trade vendors
- Projected cash balances should be viewed on a consolidated basis only
Negative cash balances at certain of the locations could be covered by available cash at other locations through the Company's cash management process

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 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 not be reborrowed.
- Aggregate reserves approximate $18 million for: the administrative charge, a carve-out for US professional fees and a Canadian Priority Reserve
- Liquidity reflected at any given week includes unused DIP commitment that is not yet available for draw based on budgeted net disbursements
- DIP borrowings and related Unused DIP Commitment fee included in this forecast are based upon the DIP borrowings and Unused DIP Commitment approved in the DIP Budget
- Forecast does not reflect repayment of loans in weeks when cash collections exceed budgeted net disbursements

3 - **Assumes spot rate of C$1.03 to US $1 throughout the forecast period**

4 - **Assumes full production at all mills, based on latest production schedule**

5 - **Preliminary and subject to change**

Appendix D – Cash flow projections of WB Canada - 17 weeks ending July 9, 2010

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

Weeks Ending March 19 through July 9, 2010

24/03/2010

Confidential

White Birch Paper Holding Company

CONFIDENTIAL

Rolling Weekly Forecast - WB CANADA ONLY **In $000's**

Weeks Ended March 19, 2010-July 9, 2010

	1 Wk Ended 3/19	2 Wk Ending 3/26	3 Wk Ending 4/2	4 Wk Ending 4/9	5 Wk Ending 4/16	6 Wk Ending 4/23	7 Wk Ending 4/30	8 Wk Ending 5/7	9 Wk Ending 5/14	10 Wk Ending 5/21	11 Wk Ending 5/28	12 Wk Ending 6/4	13 Wk Ending 6/11	14 Wk Ending 6/18	15 Wk Ending 6/25	16 Wk Ending 7/2	17 Wk Ending 7/9	17 Week Total
Operating Receipts																		
Stadacona	4,545	8,380	4,708	4,045	4,517	5,769	10,421	3,948	5,126	3,972	9,144	4,772	4,451	5,371	6,264	6,852	4,571	96,857
F. F. Soucy	1,435	2,048	9,161	2,367	1,823	1,971	3,787	3,332	3,078	2,295	2,672	2,943	1,878	3,050	1,978	3,706	1,878	49,403
Papier Masson	1,703	3,435	1,798	1,851	1,424	1,804	3,449	2,879	2,090	2,100	3,666	2,403	2,247	1,670	2,595	3,535	1,935	40,583
Accounts Receivable Contraction	(1,327)	(2,066)	(2,440)	32	879	840	(1,584)	(294)	86	1,466	(919)	(39)	84	982	(499)	(796)	215	(5,378)
Total Operating Receipts	6,357	11,798	13,226	8,295	8,643	10,384	16,072	9,865	10,381	9,833	14,563	10,078	8,661	11,073	10,338	13,297	8,600	181,465
Operating Disbursements																		
Fiber	(2,638)	(2,448)	(2,522)	(2,522)	(2,668)	(2,522)	(2,497)	(2,572)	(2,718)	(2,572)	(2,572)	(2,572)	(2,718)	(2,547)	(2,535)	(2,572)	(2,718)	(43,911)
Chemicals	(610)	(652)	(707)	(648)	(684)	(648)	(703)	(648)	(705)	(648)	(648)	(683)	(648)	(678)	(662)	(682)	(667)	(11,320)
Electricity	(2,433)	(2,427)	(2,427)	(2,427)	(3,393)	(2,427)	(2,427)	(2,427)	(2,495)	(3,325)	(2,427)	(2,427)	(2,427)	(2,427)	(3,383)	(2,427)	(2,427)	(44,157)
Recycle Material	(788)	(788)	(788)	(788)	(788)	(788)	(788)	(788)	(788)	(788)	(788)	(788)	(788)	(788)	(788)	(788)	(788)	(13,402)
Other Materials and Other Utilities	(1,544)	(1,025)	(1,298)	(1,696)	(1,520)	(1,475)	(1,499)	(1,469)	(1,540)	(1,467)	(1,490)	(1,470)	(1,532)	(1,471)	(1,495)	(1,470)	(1,568)	(25,029)
Property Taxes	-	-	-	-	-	-	-	-	-	(696)	-	-	-	-	-	-	-	(696)
Salaried and Hourly Payroll- Gross	(1,530)	(1,346)	(1,283)	(1,055)	(1,132)	(1,322)	(1,409)	(1,220)	(1,154)	(1,322)	(1,409)	(1,220)	(1,140)	(1,322)	(1,409)	(1,220)	(1,147)	(21,638)
Pension Plan and Group insurance	(537)	(471)	(353)	(113)	(3)	(917)	(440)	(113)	(3)	(917)	(440)	(113)	(3)	(917)	(440)	(113)	(3)	(5,897)
Freight	(1,333)	(1,225)	(1,250)	(1,225)	(1,450)	(1,250)	(1,250)	(1,250)	(1,450)	(1,250)	(1,250)	(1,250)	(1,250)	(1,457)	(1,250)	(1,250)	(1,282)	(21,919)
Maintenance Equipment	(126)	(124)	(186)	(164)	(156)	(155)	(254)	(161)	(178)	(164)	(279)	(154)	(154)	(160)	(256)	(158)	(166)	(2,995)
Major Maintenance	(73)	(73)	(126)	(126)	(126)	(612)	(466)	(126)	(126)	(126)	(126)	(126)	(126)	(176)	(176)	(176)	(176)	(3,064)
Capital Expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
Professional Fees	(50)	(50)	(118)	(50)	(50)	(25)	(50)	(118)	(50)	(50)	(50)	(103)	(50)	(50)	(50)	(120)	(50)	(1,084)
Leases	-	-	(82)	-	-	-	-	(82)	-	-	-	(82)	-	-	-	(83)	-	(329)
Other	(52)	(52)	(175)	(52)	(52)	(77)	(175)	(77)	(77)	(77)	(77)	(175)	(52)	(77)	(77)	(177)	(77)	(1,579)
Management Fee	(560)	-	(562)	-	(562)	-	(562)	-	(562)	-	(562)	-	-	(561)	-	(561)	-	(4,490)
Bankruptcy Impacts	(4,367)	(4,367)	(3,900)	(6,327)	(6,327)	(2,427)	(2,427)	-	-	-	-	-	-	4,500	3,500	2,500	-	(19,642)
Total Operating Disbursements	(16,641)	(15,048)	(15,778)	(17,194)	(18,911)	(14,646)	(14,948)	(11,052)	(11,845)	(13,402)	(12,118)	(11,165)	(10,888)	(8,132)	(9,021)	(9,296)	(11,070)	(221,153)
Net Operating Cash Flow	(10,284)	(3,250)	(2,552)	(8,898)	(10,268)	(4,262)	1,124	(1,187)	(1,464)	(3,569)	2,445	(1,086)	(2,227)	2,942	1,317	4,001	(2,470)	(39,688)
Non Operating Cash Flow and Restructuring																		
Restructuring Professional Fees	(306)	(2,161)	(656)	(956)	(322)	(756)	(471)	(756)	(472)	(831)	(166)	(971)	(447)	(813)	(267)	(963)	(347)	(11,661)
Restructuring Bank Fees and Other Expenses	-	(218)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(218)
Intercompany Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
Interest Payments	-	-	(880)	-	-	-	(879)	-	-	-	-	(1,216)	-	-	-	(976)	-	(3,952)
Total Non-Operating Cash Flow and Restructuring	(306)	(2,380)	(1,536)	(956)	(322)	(756)	(1,350)	(756)	(472)	(831)	(166)	(2,188)	(447)	(813)	(267)	(1,939)	(347)	(15,832)
Net Operating Receipts (Disbursements)	$ (10,590)	$ (5,630)	$ (4,088)	$ (9,854)	$ (10,590)	$ (5,018)	$ (226)	$ (1,943)	$ (1,936)	$ (4,400)	$ 2,279	$ (3,274)	$ (2,674)	$ 2,129	$ 1,050	$ 2,062	$ (2,817)	$ (55,520)
BEG. BOOK CASH BALANCE - WBPC CANADA	$ 54,732	$ 44,142	$ 42,766	$ 40,824	$ 33,117	$ 26,824	$ 28,715	$ 28,489	$ 26,546	$ 24,610	$ 20,211	$ 22,489	$ 19,215	$ 16,542	$ 18,670	$ 19,720	$ 21,782	$ 54,732
Net Receipts (Disbursements)	(10,590)	(5,630)	(4,088)	(9,854)	(10,590)	(5,018)	(226)	(1,943)	(1,936)	(4,400)	2,279	(3,274)	(2,674)	2,129	1,050	2,062	(2,817)	(55,520)
DIP Term Loan Borrowings	-	4,254	2,145	2,148	4,297	6,908	-	-	-	-	-	-	-	-	-	-	-	19,753
GE ABL Repayment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ENDING BOOK CASH BALANCE	44,142	42,766	40,824	33,117	26,824	28,715	28,489	26,546	24,610	20,211	22,489	19,215	16,542	18,670	19,720	21,782	18,965	18,965
Unused DIP Commitment	19,753	15,499	13,353	11,205	6,908	-	-	-	-	-	-	-	-					-
LIQUIDITY	$ 63,895	$ 58,265	$ 54,177	$ 44,322	$ 33,732	$ 28,715	$ 28,489	$ 26,546	$ 24,610	$ 20,211	$ 22,489	$ 19,215	$ 16,542	$ 18,670	$ 19,720	$ 21,782	$ 18,965	$ 18,965
DIP TERM LOAN BALANCE																		
DIP Loan Balance at Beg. of Week	$ 92,955	$ 92,955	$ 97,209	$ 99,354	$ 101,502	$ 105,799	$ 112,708	$ 112,708	$ 112,708	$ 112,708	$ 112,708	$ 112,708	$ 112,708	$ 112,708	$ 112,708	$ 112,708	$ 112,708	$ 92,955
DIP Term Loan Borrowings	-	4,254	2,145	2,148	4,297	6,908	-	-	-	-	-	-	-	-	-	-	-	19,753
DIP Loan Balance at End of Week	$ 92,955	$ 97,209	$ 99,354	$ 101,502	$ 105,799	$ 112,708	$ 112,708	$ 112,708	$ 112,708	$ 112,708	$ 112,708	$ 112,708	$ 112,708	$ 112,708	$ 112,708	$ 112,708	$ 112,708	$ 112,708

White Birch Paper Company
Borrowing Base Calculation - Canada Only
Weeks Ended March 19, 2010-June 11, 2010
In $000's

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
	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	Wk Ending	Wk Ending	Wk Ending	Wk Ending
	3/19	3/26	4/2	4/9	4/16	4/23	4/30	5/7	5/14	5/21	5/28	6/4	6/11	6/18	6/25	7/2	7/9
Accounts Receivable Balance	$ 80,235	$ 79,578	$ 77,492	$ 81,941	$ 86,043	$ 88,403	$ 85,075	$ 88,738	$ 91,883	$ 95,577	$ 94,541	$ 95,284	$ 97,445	97,193	97,677	95,202	100,129
Advance Rate	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%
Available Accounts Receivable	$ 48,141	$ 47,747	$ 46,495	$ 49,165	$ 51,626	$ 53,042	$ 51,045	$ 53,243	$ 55,130	$ 57,346	$ 56,725	$ 57,171	$ 58,467	$ 58,316	$ 58,606	$ 57,121	$ 60,077
Inventory Balance	$ 58,084	$ 57,975	$ 58,205	$ 57,268	$ 56,412	$ 55,520	$ 54,770	$ 53,184	$ 51,805	$ 51,014	$ 49,638	$ 50,261	$ 50,975	$ 51,968	$ 52,766	$ 53,408	$ 54,206
Less:																	
Stores	23,485	23,485	23,485	23,485	23,485	23,485	23,485	23,485	23,485	23,485	23,485	23,485	23,485	23,485	23,485	23,485	23,485
Packaging, Supplies, Chemicals	3,416	3,416	3,416	3,416	3,416	3,416	3,416	3,416	3,416	3,416	3,416	3,416	3,416	3,416	3,416	3,416	3,416
Unusable Bunker Oil	181	181	181	181	181	181	181	181	181	181	181	181	181	181	181	181	181
Total Ineligible Inventory	27,082	27,082	27,082	27,082	27,082	27,082	27,082	27,082	27,082	27,082	27,082	27,082	27,082	27,082	27,082	27,082	27,082
Eligible Inventory	31,002	30,893	31,123	30,186	29,330	28,438	27,688	26,102	24,723	23,932	22,556	23,179	23,893	24,886	25,684	26,326	27,124
Advance Rate	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%
Available Inventory	$ 12,401	$ 12,357	$ 12,449	$ 12,074	$ 11,732	$ 11,375	$ 11,075	$ 10,441	$ 9,889	$ 9,573	$ 9,023	$ 9,272	$ 9,557	9,954	10,274	10,530	10,850
Accounts Receivable and Inventory Collateral For Next Week	$ 60,542	$ 60,104	$ 58,944	$ 61,239	$ 63,358	$ 64,417	$ 62,121	$ 63,683	$ 65,019	$ 66,919	$ 65,747	$ 66,442	$ 68,024	$ 68,270	$ 68,880	$ 67,651	$ 70,927
	9,075	9,219	8,866	9,198	9,666	9,418	8,476	8,971	9,500	9,589	9,156	9,250	9,672				
	$ 69,617	$ 69,323	$ 67,810	$ 70,436	$ 73,024	$ 73,835	$ 70,596	$ 72,654	$ 74,520	$ 76,508	$ 74,903	$ 75,692	$ 77,696				

CAD ONLY - GROSS BORROWING BASE AVAILABILITY - BEG. OF WEEK																	
Accounts Receivable and Inventory Collateral - Beg. of Week	$ 57,375	$ 60,542	$ 60,104	$ 58,944	$ 61,239	$ 63,358	$ 64,417	$ 62,121	$ 63,683	$ 65,019	$ 66,919	$ 65,747	$ 66,442	$ 68,024	$ 68,270	$ 68,880	$ 67,651
PPE Collateral	63,750	63,750	63,750	63,750	63,750	63,750	63,750	63,750	63,750	63,750	63,750	63,750	63,750	63,750	63,750	63,750	63,750
Gross Borrowing Base Availability - Beg. of Week	121,125	124,292	123,854	122,694	124,989	127,108	128,167	125,871	127,433	128,769	130,669	129,497	130,192	131,774	132,020	132,630	131,401
Consolidated - GROSS BORROWING BASE AVAILABILITY - BEG. OF WEEK	141,763	144,617	144,323	142,810	145,436	148,024	148,835	145,596	147,654	149,520	151,508	149,903	150,692	152,696	153,605	152,980	151,772
CAD ONLY - as a % of Consolidated	85.4%	85.9%	85.8%	85.9%	85.9%	85.9%	86.1%	86.5%	86.3%	86.1%	86.2%	86.4%	86.4%	86.3%	85.9%	86.7%	86.6%
Total Consolidated DIP Borrowings - Per Latest CFF	-	11,000	2,500	2,500	5,000	8,045	-	-	-	-	-	-	-	-	-	-	-
		(5,200)															
DIP Borrowings Attributable to CAD ONLY	$ -	$ 4,254	$ 2,145	$ 2,148	$ 4,297	$ 6,908	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

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 March 19, 2010 to July 9, 2010.

  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:**

- February 24, 2010 Petition Date
- Accounts receivable collections projected based on a line by line review of accounts, adjusted for a contraction estimate assuming delayed collection of approximately 15% of amounts due
- Trade payables payments contraction occurred in the weeks ending 2/26 and 3/5 to reflect COD payments. Additional contraction and COD payments are forecast in the weeks ending 3/19 through 4/16 with loosening beginning in the week ending 6/18
- Freight possessory liens - $1 million CAD is assumed to be paid in full in the weeks ending 3/19 and 3/26 and forecast payments are assumed to be paid on supplier terms
- Prior service cost component of pension contributions in Canada of CAD $1.5 million beginning with the February payments are suspended until emergence - savings of approximately $1.5 million CAD per month
- CAD Utility Deposits - Two weeks of utility deposits (appx. $5 million CAD) to secure post-petition service were made in the week ending 3/5 with continued weekly payments for estimated consumption of $2.5 million CAD
- 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 ABL lender with a 5% premium. An additional $9.7 million of cash collateralized letters of credit and cash deposits are assumed to be issued beginning in the weeks ending 4/9 through 4/30 for trade vendors

Key Hypothetical Assumptions - Continued:

5 **Includes the Following DIP Financing Assumptions:**

- Pre-petition ABL facility assumed to be 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 monthly as due
  - Borrowings subject to weekly calculations based on budgeted net disbursements, limited by the lesser of unused DIP commitment supported by the borrowing base or the DIP commitment less outstandings and reserves
  - DIP loans paid or repaid may not be reborrowed. Forecast does not repay loans in weeks when cash collections exceed budgeted net disbursements
- 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
- Assumes that borrowings will be made in any week in which there is negative cash flow, subject to availability of unused DIP Liquidity
- Liquidity reflected at any given week includes undrawn DIP commitment that is not yet available for draw based on budgeted net

6 **Assumes spot rate of C$1.03 to US $1 throughout the forecast period**

7 **Assumes full production at all mills based on latest production schedule**

8 **DIP forecast preliminary and subject to approval of the court**