

CASE STUDY: BOWATER / GREAT NORTHERN PAPER

Sanabe personnel developed the plan that enabled Bowater to sell the assets of Great Northern Paper for 50% more than the Company expected.

Great Northern Paper ("GNP") operated two newsprint and groundwood mills in Northern Maine and controlled approximately 2 million acres of timberlands in the state. Bowater had acquired the Company in 1993 with a thought to rebuild and expand the newsprint and groundwood operations on the site. Absent any modernization, the mills were antiquated and inefficient.

Bowater retained Sanabe personnel to sell the Company at a maximum valuation. We quickly decided that the key to value was to separate the paper mills from the timberland and to market them separately. We divided the timberlands into three properties; two we sold to outside timber funds. The third property we kept with the paper mills to provide a bankable asset.

We also worked with mill management, who had a number of very thoughtful ideas, to develop a plan to resuscitate the mills. We marketed the mill, together with the proposed operating plan to a class of paper mill buyers with an interest in "turnaround" situations.

The plan we developed netted Bowater aggregate proceeds of about \$450 million or 50% more than the Company expected.