

CASE STUDY: FINCH, PRUYN & CO.

Sanabe leveraged a strong auction for Finch, Pruyn's paper manufacturing operations into the sale of all of Finch, Pruyn's assets.

Finch, Pruyn ("Finch" or the "Company") operated a single 250,000 ton per annum premium (opaque papers) uncoated free-sheet mill in Glens Falls, New York. The Company also owned 160,000 acres of timberlands.

Sanabe was retained to sell the Company's paper manufacturing operations ("Finch Paper") in mid-2006.

- Finch Paper has a leading position in the premium-offset/opaque papers niche of the uncoated free-sheet market

Sanabe worked with Finch management to develop offering materials that highlighted premium offset as the only growth sector within the uncoated free-sheet market.

- Sanabe also focused bidders on Finch's culture of superior customer service, attention to detail and cost control orientation

While Finch Paper was already profitable, Sanabe also worked with management to identify a set of profit improvement initiatives that would translate to increased returns for a potential buyer. These steps included:

- Mix improvement focused on the higher margin premium text & cover market, where Finch is a low-cost producer
- Cost-reduction initiatives including salaried personnel reductions and modifications to the Company's union contracts, which were renegotiated contemporaneous with the sale process. Changes to the union contracts involved:
 - Restructuring the line of progression in the paper mill in order to reduce manning and training costs
 - Flexibility to shut down the mill's integrated pulp operations when market pulp could be purchased at a lower cost
 - Elimination of the Company's defined benefit pension plans. Potential buyers viewed these plans as a large, uncertain liability that added significant risk to the investment

Strategic interest in Finch Paper was very limited. Given our knowledge of the buyers of specialty paper mills, Sanabe identified the subset of financial sponsors willing to focus on the challenge of single mill situations in the paper industry.

Our actions generated a highly competitive auction process. In order to win the bidding, Atlas Paper Resources (an investor group led by Atlas Holdings and Blue Wolf Capital Management, "Atlas") put forward an attractive offer for both Finch Paper and the Company's timberlands.

Given the strength of the auction, Sanabe forced Atlas to accelerate its due diligence on the timberlands in order to reach a definitive agreement without the risk of losing a separate attractive offer for Finch Paper alone. The transaction was completed in June 2007.