

CASE STUDY: NEWPAGE LITTLE QUINNESEC HYDROELECTRIC FACILITY

NewPage Corporation (“NewPage”) retained Sanabe in February 2008 to seek a buyer for its Niagara, WI paper mill (the “Mill”). NewPage had announced its intention to shut the Mill permanently unless a buyer could be found to operate it on grades other than coated publication papers.

The Mill includes two paper machines with 240,000 tons of annual capacity, a pressurized groundwood pulp mill and a 9 MW hydroelectric power facility (the “Hydro Operation”).

Sanabe worked with management to develop a business plan to transition the Mill to a new product line. Our efforts included:

- Contacting paper merchants and other industry sources to identify a viable sales and marketing plan for the new grades
- Identifying key priorities for restructuring the workforce and labor contract to lower per employee costs and enhance efficiency

Simultaneously, we concluded early in the process that the Hydro Operation could likely fetch a price in excess of the aggregate value of the Mill.

Given this perspective, we focused on running a separate sale process for the Hydro Operation along with the Mill sale process.

- The Hydro Operation had historically provided virtually all of its power to the Mill. As a result, we needed to develop standalone financials reflecting market rate power sales from the Hydro Operation. We also worked with management to identify a plan for operating the Hydro Operation separately from the Mill

Our efforts resulted in a highly competitive process for the Hydro Operation involving a substantial number of strategic and financial investors. NewPage received several attractive binding offers for the Hydro Operation.

NewPage completed the sale of the Hydro Operation to Northbrook Energy and Energy Investors Funds in March 2009 at a price double NewPage’s expectation for the entire Mill.

At the same time, we continue to work with potential buyers of the Mill.