

No. S-120712  
Vancouver Registry

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*  
R.S.C. 1985, c. C-36, AS AMENDED**

**AND**

**IN THE MATTER OF THE *CANADA BUSINESS CORPORATIONS ACT*  
R.S.C., 1985, c. C-44 AS AMENDED**

**AND**

**IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*  
S.B.C., 2002, CHAPTER 57**

**AND**

**IN THE MATTER OF CATALYST PAPER CORPORATION AND THE  
PETITIONERS INCLUDED IN APPENDIX "A"**

**MONITOR'S SEVENTH REPORT TO COURT**

**March 27, 2012**



**CATALYST PAPER CORPORATION, ET AL  
MONITOR’S SEVENTH REPORT TO COURT**

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## 1. INTRODUCTION

- 1.1 On January 31, 2012, on the application of Catalyst Paper Corporation and the entities included in Appendix A (collectively referred to as “**Catalyst**” or the “**Company**”), the Supreme Court of British Columbia (the “**Court**”) made an order (the “**Initial Order**”) granting Catalyst protection from its creditors pursuant to the *Companies' Creditors Arrangement Act* (the “**CCAA**”). Under the Initial Order, PricewaterhouseCoopers Inc. was appointed Monitor of the Companies (the “**Monitor**”).
- 1.2 Currently, there is a stay of proceedings under the CCAA that is in place and extends to April 30, 2012.
- 1.3 This is the Monitor's Seventh Report to Court. The purpose of this report is to advise the Court and the Critical Suppliers of the following matters:
  - 1.3.1 The Company's actual cash flow for the period January 31, 2012 to February 29, 2012;
  - 1.3.2 The Company' revised cash flow forecast for the period March 1, 2012 to June 30, 2012; and,
  - 1.3.3 The continuing need for the critical supplier provisions in the Initial Order, as amended by further Orders made February 3 and 6, 2012 (as amended, the “**Amended and Restated Initial Order**”).
- 1.4 Unless otherwise stated, all monetary amounts noted herein are expressed in Canadian dollars. Capitalized terms not otherwise defined herein are as defined in the Company's application materials in the CCAA proceedings.

## 2. BACKGROUND

- 2.1 The facts surrounding the Company's application for the Initial Order were set out in the Petition filed by Catalyst on January 31, 2012, a copy of which can be found on the Monitor's website at:

[www.pwc.com/car-catalystpaper](http://www.pwc.com/car-catalystpaper)

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All prescribed materials filed by Catalyst and the Monitor relating to this CCAA proceeding are available to creditors and other interested parties in electronic format on the Monitor's website. The Monitor will continue to post regular updates to the website and will add prescribed and other materials as required.

- 2.2 The Company has also made applications to the United States Bankruptcy Court for the District of Delaware (the "**US Court**") for provisional relief pursuant to Chapter 15 of the US Bankruptcy Code. On March 5, 2012, the US Court made a final order granting recognition of these proceedings as a foreign main proceeding pursuant to Chapter 15 of the US Bankruptcy Code. The Monitor's website also contains materials relating to the proceedings in the US Court.

## **3. CASH FLOWS FOR THE PERIOD JANUARY 31, 2012 TO FEBRUARY 29, 2012**

- 3.1 The Company's statement of actual cash flows for the period January 31, 2012 to February 29, 2012 is compared to the initial forecast filed by the Company on its initial application (the "**Initial Forecast**") and is presented in the table below:

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<b>Catalyst Paper Corporation</b> <b>Statement of Cash Flows - Actual vs. Forecast</b> <b>For the period of January 31, 2012 to February 29, 2012</b>			
	<b>Actual</b>	<b>Forecast</b>	<b>Variance</b>
<b>CAD\$ millions</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Receipts</b>			
Collection of Trade Accounts Receivable	96.9	78.9	18.0
Collection of Other Accounts Receivable	7.4	6.7	0.7
<b>Total Receipts</b>	<b>104.3</b>	<b>85.6</b>	<b>18.7</b>
<b>Disbursements - Operating</b>			
Total Raw Material and Freight	(36.0)	(37.6)	1.6
Total Production and Operating Costs	(34.0)	(37.9)	3.9
Total Employee Costs	(19.0)	(15.5)	(3.5)
Total Property Tax/Insurance/Other Taxes	(0.4)	(0.4)	0.0
<b>Total Disbursements - Operating</b>	<b>(89.4)</b>	<b>(91.4)</b>	<b>2.0</b>
<b>Disbursements - Non Operating</b>			
Restructuring Professional Fees	(2.1)	(1.4)	(0.7)
CCAA Restructuring Costs	(5.6)	(23.0)	17.4
DIP/Revolver Interest and Commitment Fees	(1.9)	(0.2)	(1.7)
<b>Total Non Operating Disbursements</b>	<b>(9.6)</b>	<b>(24.6)</b>	<b>15.0</b>
<b>Total Disbursements</b>	<b>(99.0)</b>	<b>(116.0)</b>	<b>17.0</b>
<b>Net Cash Flow</b>	<b>5.3</b>	<b>(30.4)</b>	<b>35.7</b>
<b>Ending Cash</b>	<b>43.6</b>	<b>5.0</b>	<b>38.6</b>
Less: Cash Collateral held for LCs	(33.8)	0.0	(33.8)
<b>Available Cash</b>	<b>9.8</b>	<b>5.0</b>	<b>4.8</b>
<b>DIP Revolver Balance End of the Period</b>	<b>78.9</b>	<b>83.2</b>	<b>4.3</b>
<b>Available Liquidity</b>	<b>43.6</b>	<b>10.3</b>	<b>33.3</b>

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- 3.2 The Company's net cash flow was \$35.7 million higher than estimated in the Initial Forecast, primarily due to the following:
- 3.2.1 Trade accounts receivable were collected more quickly than forecast, which resulted in an \$18.7 million favourable variance. The Company had anticipated slower payments by customers in the post-filing period as compared to the pre-filing period and this assumption was reflected in the Initial Forecast. However, customers generally continued to pay within the same timeframe as they had in the pre-filing period resulting in the favourable variance.
  - 3.2.2 In terms of the operating disbursements, a \$3.5 million unfavourable variance arose with respect to employee costs. This is a timing variance with respect to the payroll funding to the Company's payroll service provider, which is required it be made two days earlier than was contemplated in the Initial Forecast. This two day period gave rise to a payroll being funded in the reporting period rather than in March 2012 as was forecast.
  - 3.2.3 The actual disbursements relative to the CCAA Restructuring Costs were \$17.4 million less than assumed in the Initial Forecast. CCAA Restructuring Costs consist of pre-filing professional fees and payments to certain suppliers ("**Key Suppliers**") in respect of pre-filing debts, primarily related to possessory liens over inventory and equipment and/or where significant risk to the Company's continued operations existed. The Company has identified \$5.6 million of additional costs that are expected to be paid in future periods, leaving \$11.8 million of this variance as potential real savings. Details of CCAA Restructuring Costs are as follows:
    - 3.2.3.1 The Company paid \$2.3 million for pre-filing professional fees in February 2012 and made further payments totaling \$1.6 million in March 2012 to address the remaining arrears (for a aggregate of \$3.9 million) in respect of pre-filing professional fees.
    - 3.2.3.2 The Company paid \$3.3 million to Key Suppliers. The Company has also committed to pay an additional \$4.0 million to Key Suppliers so that total payments are expected to amount to \$7.3 million.

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- 3.3 The Company repaid, in full, its pre-filing ABL Facility during the month from proceeds of pre-filing receivables, as required under the terms of the DIP Facility.
- 3.4 As of the end of February 2012, the Company had borrowed \$78.9 million under its DIP Facility. The Company was required to post cash in the amount of \$33.8 million to collateralize letters of credit drawn against the ABL Facility, which letters of credit are now to be transferred to the DIP Facility. As a result, \$33.8 million of the Company's ending cash balance is restricted and the available cash is only \$9.8 million. The transfer process with respect to the letters of credit is expected to be completed over the months of March and April 2012.
- 3.5 The Company's Available Liquidity (i.e. available cash plus unused DIP facility) as at February 29, 2012 totaled \$43.6 million.

## **4. REVISED FORECAST MARCH 1, 2012 TO JUNE 30, 2012**

- 4.1 The Company has revised its weekly cash flow forecast for the period March 1, 2012 to April 30, 2012 and extended the forecast period to June 30, 2012 (the "Revised Forecast"). The Company's Revised Forecast is attached as Appendix B.
- 4.2 The Revised Forecast has been developed taking into account the following: changes in the market outlook for the Company's products; new assumptions regarding the costs of the restructuring process; and, new assumptions with respect to the timing of cash receipts and disbursements in the period. Particulars of the changes in assumptions as compared to the Initial Forecast are as follows:
  - 4.2.1 The Revised Forecast includes estimated actual results for the period March 1, 2012 to March 18, 2012;
  - 4.2.2 The Company reduced its assumptions for pricing of several key products based on competitive market conditions. This included pulp pricing, which hit a record high in June 2011 but dropped in the second half of 2011 and is expected to remain at lower levels through the balance of 2012. As a result, sales in the Revised Forecast have been reduced by approximately \$3.5 million;

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- 4.2.3 Collection of trade receipts has now been re-forecast using historical collection patterns, in line with the comments above on actual collections during the CCAA proceedings;
  - 4.2.4 The timing of various operational expenditures, including costs for scheduled maintenance shut-downs and capital expenditures, have been adjusted for the Company's updated operational plans;
  - 4.2.5 The extent of post-filing credit (including the credit supplied by Critical Suppliers pursuant to the Critical Suppliers' Order (defined below)) is now better understood and has been incorporated;
  - 4.2.6 The costs of the restructuring process and the timing of the payments have been updated based on revised estimates, taking into account the current state of the restructuring. In particular, restructuring professional fees estimates have been updated;
  - 4.2.7 The CCAA Restructuring Costs line was originally estimated at \$23.0 million. From this estimate, \$11.2 million has been spent or committed to be spent, leaving \$11.8 million uncommitted. The Revised Forecast includes this \$11.8 million as an item to be spent by the end of March 2012. Based on information that is currently available, it seems unlikely that all of this \$11.8 million will be spent in that timeframe. However, to be conservative and with the Monitor's support, the Company has left this amount in its cash flow. This will be updated in late April when the next cash flow forecast is prepared;
  - 4.2.8 The Court-ordered pension payments totaling \$1.1 million have been incorporated; and
  - 4.2.9 The proceeds from the sale of assets, such as equipment from the Paper Recycling Division or the Elk Falls mill, have not been included as these proceeds may be subject to the security of the 2016 Noteholders.
- 4.3 The Monitor makes the following observations with respect to the Revised Forecast:
- 4.3.1 For the period of the Revised Forecast, the Company is forecasting positive net operating cash flow of \$22.5 million. After factoring in the forecast non-



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operating disbursements of \$31.5 million, the net cash flow is expected to be negative \$9 million.

- 4.3.2 The Company is forecasting to pay down the DIP Facility by \$27.6 million during the period from its cash on hand once the letters of credit are transferred from the ABL Facility and lodged as security for the DIP Facility. At the end of the period, the balance owing under the DIP Facility is forecast to be \$51.3 million.
- 4.3.3 The Company is forecasting that its lowest level of Available Liquidity during the period will be as at March 31, 2012 in the amount of \$18.1 million. After March 31, 2012, the forecast Available Liquidity ranges from approximately \$31 million to \$53 million. The Available Liquidity is forecast to hit the low level of this range at the end of May 2012.

## **5. CRITICAL SUPPLIERS**

### ***Background***

- 5.1 On February 6, 2012, the Court granted an Order (the “**Critical Suppliers’ Order**”) designating 16 of the Company’s suppliers (the “**Critical Suppliers**”) as critical suppliers pursuant to section 11.4 of the CCAA. The Court further ordered the Critical Suppliers to provide trade credit to the Company on the same terms that existed on January 27, 2012, and a charge was ordered over the Company’s assets to secure the credit to be extended by the Critical Suppliers. The amount of the charge is based on an Individual Credit Extension Amount (“**ICEA**”) determined for each supplier.
- 5.2 As discussed in the Monitor’s Fourth Report, all of the Critical Suppliers have agreed with the Company and the Monitor as to the credit terms and the amount of their respective ICEA. The total of the ICEAs at that time was \$14.0 million.
- 5.3 Since that time, one Critical Supplier has requested that its ICEA be increased by \$100,000 based on the Company’s ordering levels. The Company has been paying this Critical Supplier according to the agreed terms, but its ordering levels have been higher than was contemplated when the ICEA was originally calculated and agreed. The Monitor supported the Critical Supplier’s request, with the result that the total of the ICEAs increased to \$14.1 million.

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- 5.4 As required by the Critical Suppliers' Order, the Monitor is reporting the net exposure under each ICEA to the relevant Critical Supplier on a weekly basis. As at March 16, 2012, the total exposure to Critical Suppliers under the ICEAs was approximately \$8.6 million, well below the aggregate limit of \$14.1 million.
- 5.5 The Company intends to limit its credit exposure to each Critical Supplier to its ICEA. When the Company has become aware of a Critical Supplier approaching its ICEA limit, the Company has notified the Critical Supplier and made payments in order to reduce the exposure to that supplier. Since the Monitor's Fourth Report, in the Monitor's weekly review and reporting of the net exposure to Critical Suppliers, there have been three instances where the Company was found to have exceeded the ICEA of a specific Critical Supplier, but not the total of all ICEAs. This exposure was promptly paid down by the Company.
- 5.6 The Company and the Monitor are in regular contact with Critical Suppliers to review and reconcile their credit exposures. This is an important process due to the high volume of transactions with many of the Critical Suppliers.
- 5.7 The Monitor will report to this Court in the event that a Critical Supplier's post-filing credit exposure exceeds the level set by its ICEA and such excess is not eliminated forthwith upon identification by the Company or the Monitor.

## ***Potential amendment of the Critical Suppliers' Order***

- 5.8 Paragraph 25(l) of the Amended and Restated Initial Order permits a Critical Supplier to apply to amend or rescind the terms of the Critical Suppliers' Order after March 11, 2012. The Monitor understands that certain of the Critical Suppliers are considering making such an application to terminate the Critical Suppliers' Order, and will subsequently seek cash on delivery ("COD") or cash in advance ("CIA") payment terms with the Company.
- 5.9 The Monitor considers the following issues important to the determination of whether the Critical Suppliers' Order should be terminated:
- 5.9.1 Whether COD or CIA payment terms can be administered effectively without resulting in operational delays; and

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- 5.9.2 Whether the Company has sufficient Available Liquidity to facilitate the expected demand by Critical Suppliers for COD or CIA payment terms.
- 5.10 The ongoing supply of the goods on trade credit terms since the granting of the Critical Suppliers' Order has allowed the Company and the Critical Suppliers to continue following the delivery, invoicing, and payments process that have been well established over the course of their relationship. The continuation of this process avoids the increased administrative burden of handling and tracking payments in advance and facilitates the continued normal operations of the Company while it restructures.
- 5.11 The Monitor estimates that if the Critical Suppliers' Order was terminated and all Critical Suppliers stopped extending credit to the Company, the short term reduction in liquidity for the Company could range from \$17 million to \$24 million. This is based on the sum of the following:
  - 5.11.1 As indicated above, the credit extended by Critical Suppliers as of March 16, 2012 was approximately \$8.6 million. This is anticipated to increase in the coming weeks to up to \$12 million based on the expected timing of purchases and payments; and
  - 5.11.2 The Monitor understands from its discussions with certain Critical Suppliers that if the Critical Suppliers' Order was terminated, most, if not all, of these suppliers would insist on CIA payment terms going forward. This would create a negative difference in the Revised Forecast of up to \$12 million, reflecting the termination of credit assumed to be extended by Critical Suppliers in that forecast.
- 5.12 The Revised Forecast indicates the following:
  - 5.12.1 At March 31, 2012, the Available Liquidity of the Company is forecast to be \$18.1 million. The estimated negative liquidity impact of terminating the Critical Suppliers' Order could exceed this amount, which if not otherwise mitigated, would result in a breach of the DIP Facility;
  - 5.12.2 Between March 31 and May 31, 2012, Available Liquidity is forecast to range from \$18.1 million to \$53.6 million. It may be possible at some points in this period for additional liquidity to be available to offset the impact of

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terminating the Critical Suppliers' Order, but since this liquidity reduces again by May 31, 2012, the liquidity impact of terminating the Critical Suppliers' Order remains a concern; and

5.12.3 At May 31, 2012, the Available Liquidity of the Company is forecast to be \$34.3 million. If the full estimated liquidity impact of terminating the Critical Suppliers' Order (i.e. \$24 million) is realized, this would leave net Available Liquidity of only \$10 million. The Monitor is concerned that this would provide an insufficient cushion for other cash flow variances that may occur in the intervening period.

- 5.13 Based on the Revised Forecast, it appears that the Company might be able to continue operations without the benefit of the Critical Suppliers' Order beginning in early April 2012. However, the Monitor thinks that over the period to May 31, 2012, the Available Liquidity is so tight that it would be prudent to maintain the status quo with respect to the Critical Suppliers for at least another 30 to 45 days (i.e. to the end of April 2012) to allow for greater visibility into the expected liquidity situation towards the end of May 2012. Furthermore, by the end of April 2012, it will be known whether the currently uncommitted CCAA Restructuring Costs of \$11.8 million will need to be spent or whether this amount can be considered surplus.
- 5.14 If the operations of the Company continue as currently forecast and the majority of the uncommitted CCAA Restructuring Costs are not incurred by the end of April 2012, then it may well be appropriate for the Critical Suppliers' Order to be terminated. The Company intends to prepare another updated forecast in mid-April 2012, which will take into account current operational plans, further updates on the restructuring generally, and an update on the Company's cash flow position. If the updated forecast demonstrates that the Company can manage its operations without the benefit of the Critical Suppliers' Order, then the Monitor may recommend to the Court changes to, or the termination of, that Order as appropriate. Until this further update process has been undertaken, the Monitor considers it premature to terminate the Critical Suppliers' Order; to do so could leave the Company vulnerable to short term timing issues in its liquidity, and may distract from the focus of completing its restructuring.

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## ***Next Steps***

- 5.15 The Monitor will prepare a further report for the Court regarding the Company's liquidity in late April 2012, once the Company has completed its updated operational plan and assessed its liquidity. At that time, the Monitor will advise as to whether it recommends any modifications to, or the termination of, the Critical Suppliers' Order.

## ***Recommendation***

- 5.16 Based on the foregoing, the Monitor is of the view that terminating the Critical Suppliers' Order at this stage would be premature and could leave the Company vulnerable to short term liquidity issues. In this regard, the Monitor recommends that the current Order remain in place until the end of April 2012, at which point the Monitor will have provided a further report on the Company's liquidity situation and made further recommendations to the Court on this issue.

This report is respectfully submitted this 27<sup>th</sup> day of March, 2012.

**PricewaterhouseCoopers Inc.  
Court Appointed Monitor of  
Catalyst Paper Corporation, et al**



**Michael J. Vermette, CA, CIRP  
Senior Vice President**

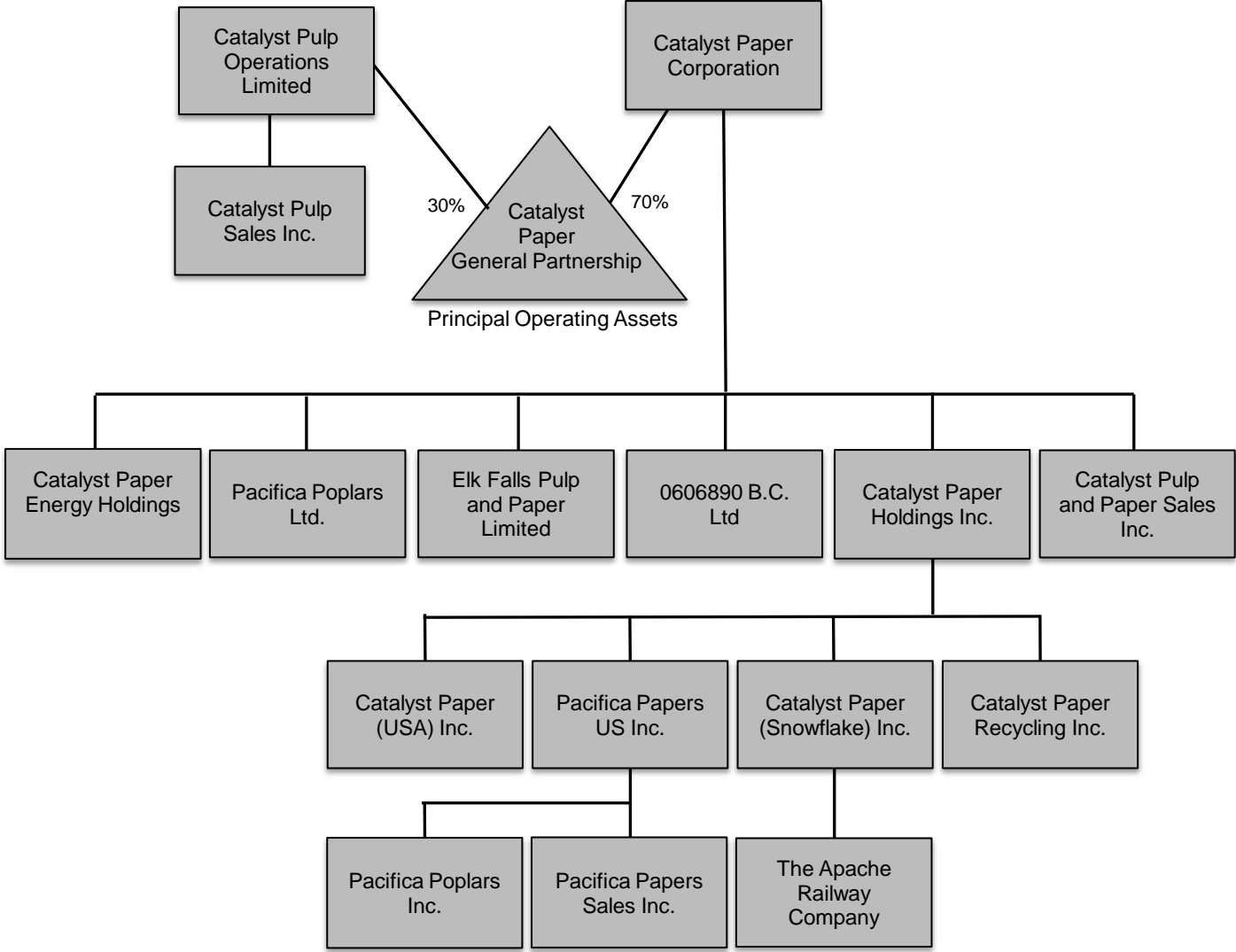


**Neil Bunker, CA, CIRP  
Vice President**

## **APPENDIX A**

### **Petitioner Parties Organization Chart**

**Catalyst Paper Corporation**  
**Petitioner Parties Organization Chart**



**Notes:**

1. Unless otherwise noted, Common share ownership is 100%. Preferred share ownership is not identified in this chart.

## **APPENDIX B**

### **Revised Cash Flow Forecast for the period March 1, 2012 to June 30, 2012**



# Catalyst Paper Corporation

# Appendix B

## Weekly Cash Flow Forecast Summary for the period of March 1, 2012 to June 30, 2012 <sup>1</sup>

In CAD\$ millions

	Mar-12					Apr-12					May-12					Jun-12					Mar 1- Jun 30
Period #	1	2	3	4		5	6	7	8		9	10	11	12		14	15	16	17		
Business Days in the Period	7	5	5	5	22	4	5	5	6	20	4	5	5	8	22	6	5	5	5	21	85
Calendar Days in the Period	10	7	7	7	31	8	7	7	8	30	6	7	7	11	31	7	7	11	11	36	128
Period Ended	11-Mar	18-Mar	25-Mar	31-Mar	Total	8-Apr	15-Apr	22-Apr	30-Apr	Total	6-May	13-May	20-May	31-May	Total	10-Jun	17-Jun	24-Jun	30-Jun	Total	Total
Receipts - Operating																					
Collection of Trade AR	28.9	19.4	17.9	32.7	98.8	21.6	27.0	27.0	32.4	108.1	20.1	25.1	25.1	40.2	110.7	30.6	25.5	25.5	25.5	107.2	424.8
Collection of Other AR	1.3	1.2	0.9	1.7	5.1	0.9	1.2	1.2	1.4	4.7	1.2	1.5	1.5	2.4	6.5	1.8	1.5	1.5	1.5	6.2	22.6
Total Receipts - Operating	30.1	20.6	18.8	34.4	103.9	22.6	28.2	28.2	33.8	112.8	21.3	26.6	26.6	42.6	117.1	32.4	27.0	27.0	27.0	113.5	447.3
Disbursements - Operating																					
Raw Material and Freight Costs	(19.3)	(5.5)	(5.1)	(13.2)	(43.0)	(7.2)	(9.0)	(9.0)	(10.7)	(35.8)	(10.1)	(12.6)	(12.6)	(20.1)	(55.4)	(10.8)	(9.0)	(9.0)	(9.0)	(37.8)	(172.1)
Production and Operating Costs	(13.6)	(7.5)	(8.4)	(19.8)	(49.3)	(8.1)	(8.7)	(9.5)	(10.9)	(37.3)	(10.1)	(11.6)	(12.0)	(17.8)	(51.5)	(8.4)	(9.8)	(7.2)	(11.9)	(37.2)	(175.3)
Employee Costs	(0.9)	(6.6)	(2.0)	(7.3)	(16.8)	(3.0)	(7.2)	(4.5)	(7.4)	(22.0)	0.0	(8.3)	(4.4)	(8.3)	(20.9)	(5.4)	(2.8)	(5.4)	(2.8)	(16.3)	(76.0)
Property Tax/Insurance/Other Taxes	(0.4)	0.0	0.0	0.0	(0.3)	(0.1)	(0.1)	(0.1)	(0.1)	(0.3)	(0.1)	(0.1)	(0.1)	(0.2)	(0.6)	(0.1)	(0.0)	(0.0)	(0.0)	(0.2)	(1.4)
Total Disbursements - Operating	(34.2)	(19.5)	(15.5)	(40.3)	(109.5)	(18.3)	(24.9)	(23.1)	(29.2)	(95.4)	(20.3)	(32.6)	(29.1)	(46.5)	(128.4)	(24.6)	(21.7)	(21.6)	(23.7)	(91.5)	(424.8)
Net Operating Cash Flows	(4.0)	1.1	3.3	(5.9)	(5.5)	4.3	3.3	5.1	4.7	17.4	1.0	(5.9)	(2.5)	(3.9)	(11.3)	7.8	5.4	5.5	3.3	21.9	22.5
Disbursements - Non-Operating																					
Restructuring Professional Fees	0.0	(1.5)	0.0	(1.5)	(3.0)	0.0	(2.1)	0.0	(2.1)	(4.2)	0.0	(1.7)	0.0	(1.7)	(3.5)	(1.3)	0.0	(1.3)	0.0	(2.7)	(13.4)
CCAA Restructuring Costs	(1.3)	(5.7)	(5.3)	(5.1)	(17.4)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(17.4)
DIP Loan Fees and Interest	(0.1)	(0.1)	(0.1)	0.1	(0.2)	(0.0)	(0.1)	(0.1)	(0.1)	(0.2)	(0.0)	(0.0)	(0.0)	(0.1)	(0.2)	(0.1)	(0.0)	(0.0)	(0.0)	(0.2)	(0.8)
Other Interest Income (Expenses)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Disbursements - Non-Operating	(1.5)	(7.2)	(5.4)	(6.5)	(20.6)	(0.0)	(2.2)	(0.1)	(2.2)	(4.4)	(0.0)	(1.8)	(0.0)	(1.8)	(3.7)	(1.4)	(0.0)	(1.4)	(0.0)	(2.9)	(31.5)
Net Receipts (Disbursements)	(5.5)	(6.1)	(2.1)	(12.4)	(26.1)	4.2	1.1	5.1	2.5	13.0	1.0	(7.7)	(2.5)	(5.7)	(15.0)	6.5	5.3	4.1	3.2	19.1	(9.0)
Ending Book Cash Balance	50.5	44.4	19.4	19.4	19.4	10.7	10.5	10.5	8.2	8.2	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	
Less: Cash Collateral Held for LCs	46.8	14.4	14.4	14.4	14.4	5.7	5.5	5.5	3.2	3.2	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	
Available Ending Book Cash Balance	3.7	30.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	
DIP Revolver Balance at End of Period	91.5	91.5	68.6	81.0	81.0	68.1	66.7	61.6	56.8	56.8	54.5	62.2	64.7	70.4	70.4	63.9	58.6	54.5	51.3	51.3	
Available Liquidity <sup>2</sup>	38.3	32.7	30.4	18.1	18.1	31.0	32.9	49.0	51.6	51.6	53.6	45.9	40.0	34.3	34.3	40.7	46.1	50.3	53.5	53.5	

<sup>1</sup> In the Monitor's 7th Report to Court dated March 26, 2012, this cash flow is referred to as the "Revised Forecast".

<sup>2</sup> Available Liquidity is equal to Borrowing Base Availability > \$26.3MM plus Ending Book Cash less DIP Revolver at End of Period. If Availability Liquidity drops below \$26.3MM, the Company loses control of cash to the DIP Lender per the DIP Credit Agreement.