



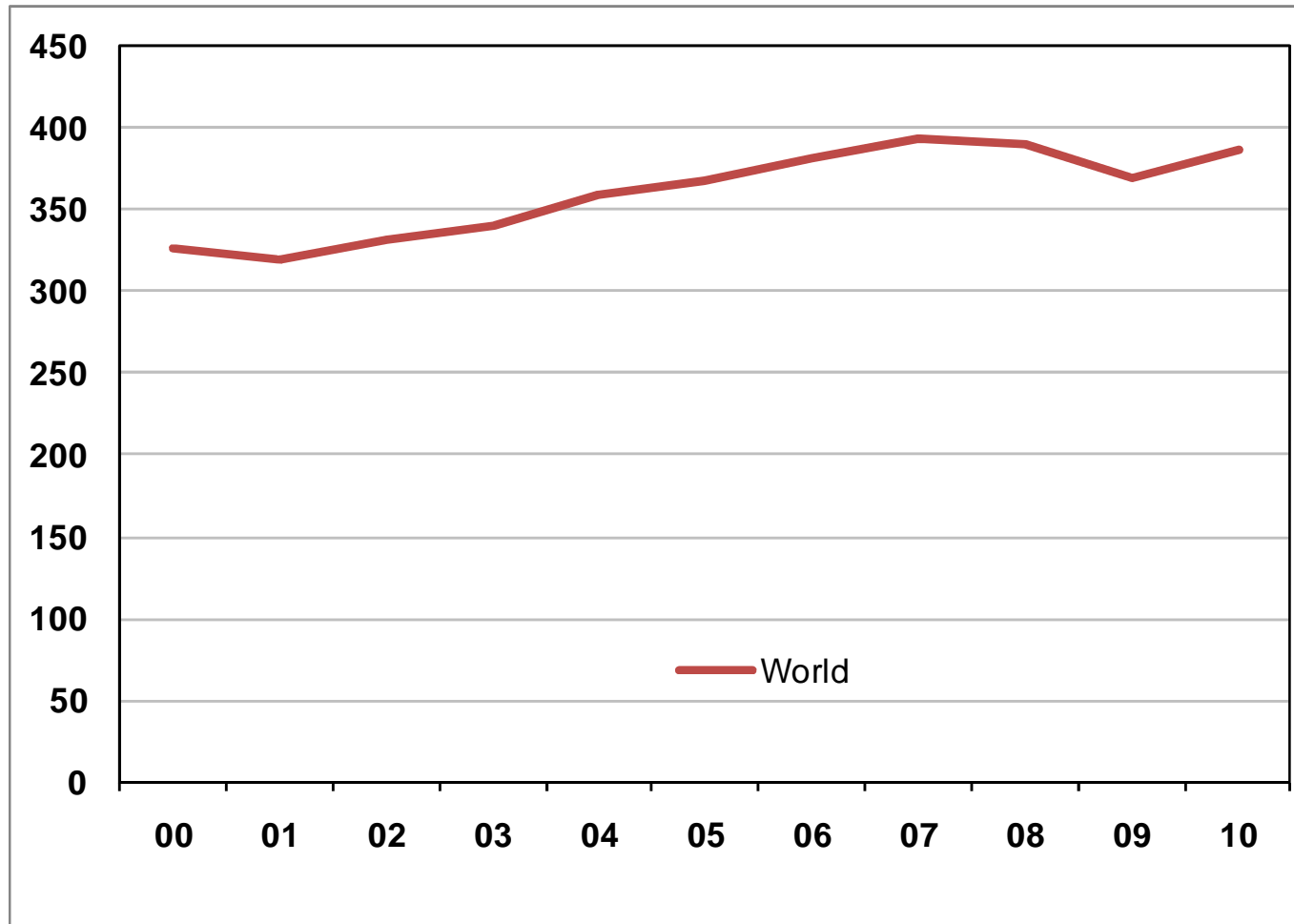
# The Near-Term Outlook for Market Pulp

Kurt Schaefer  
VP Fiber  
May, 2010



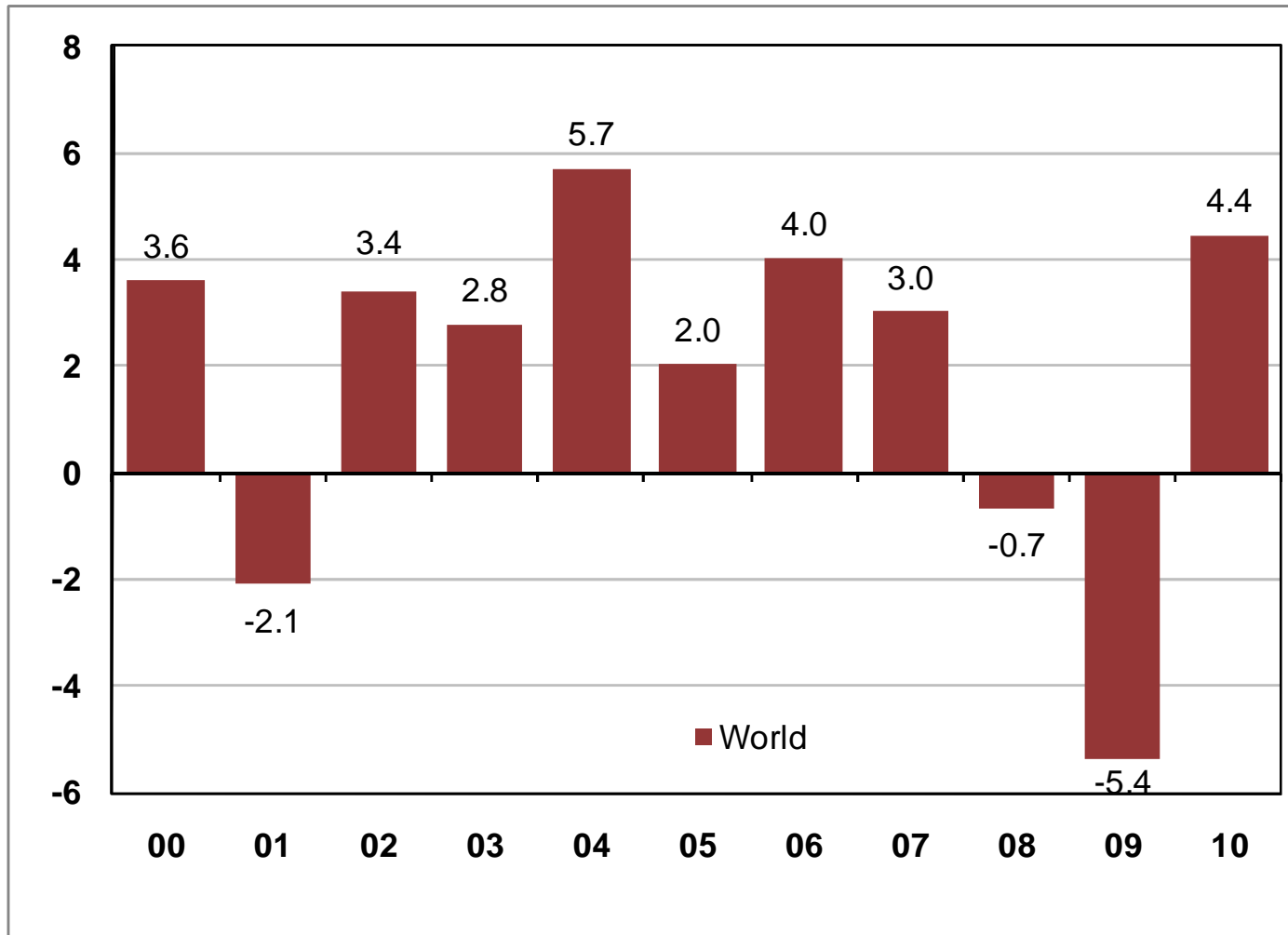
# World Paper and Paperboard Production

Million tonnes/year

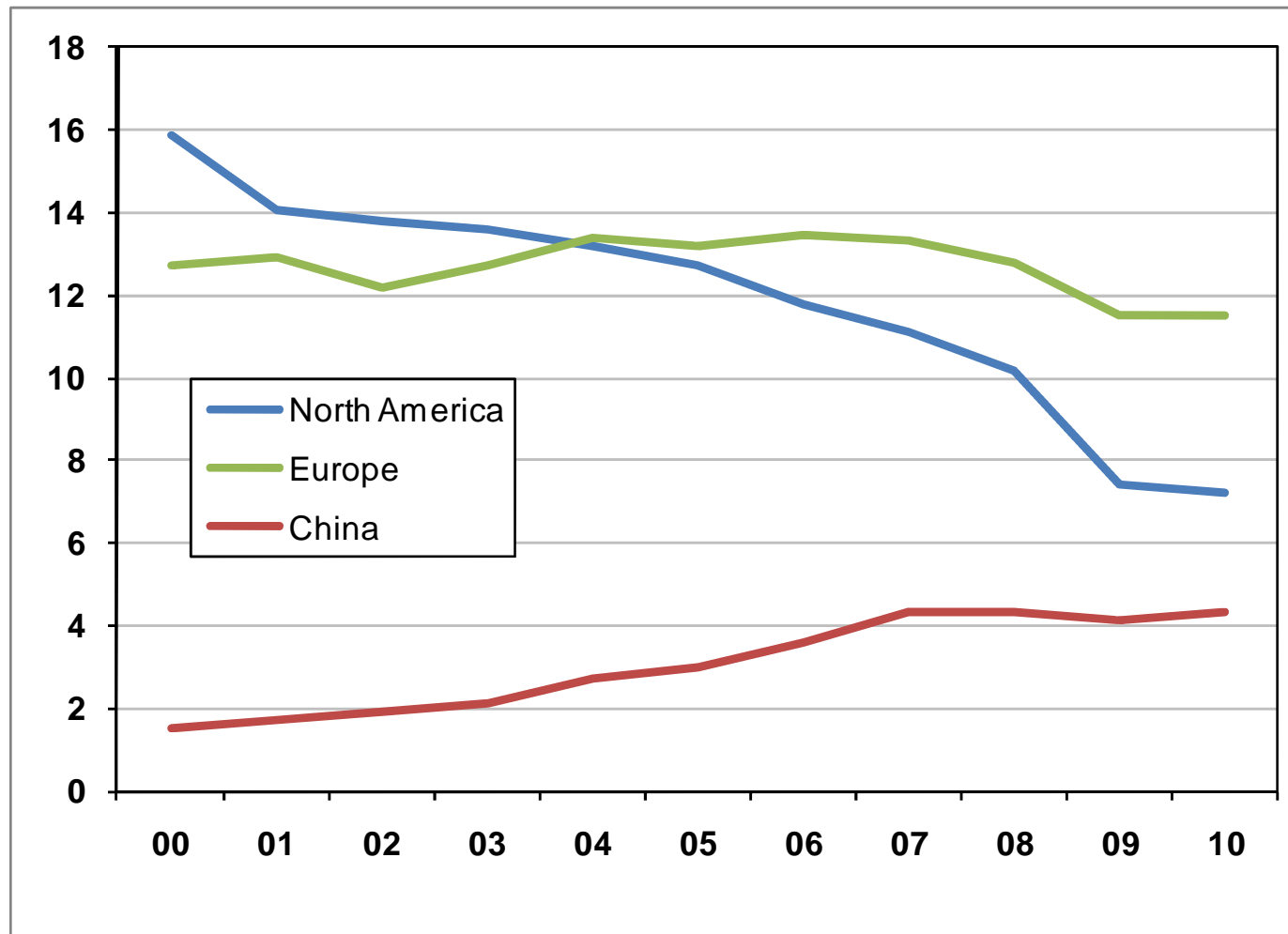


# World Paper and Paperboard Production

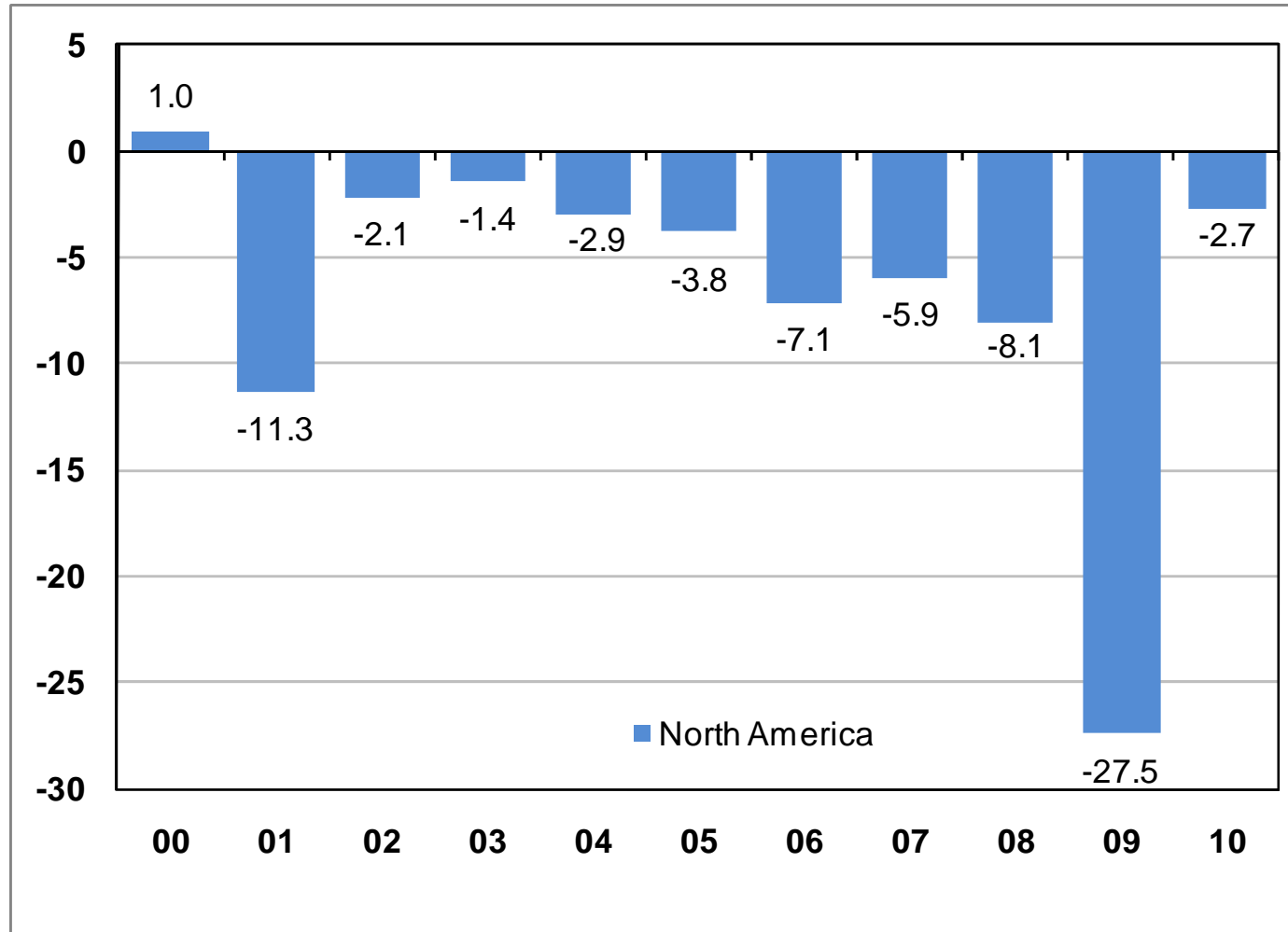
% Change



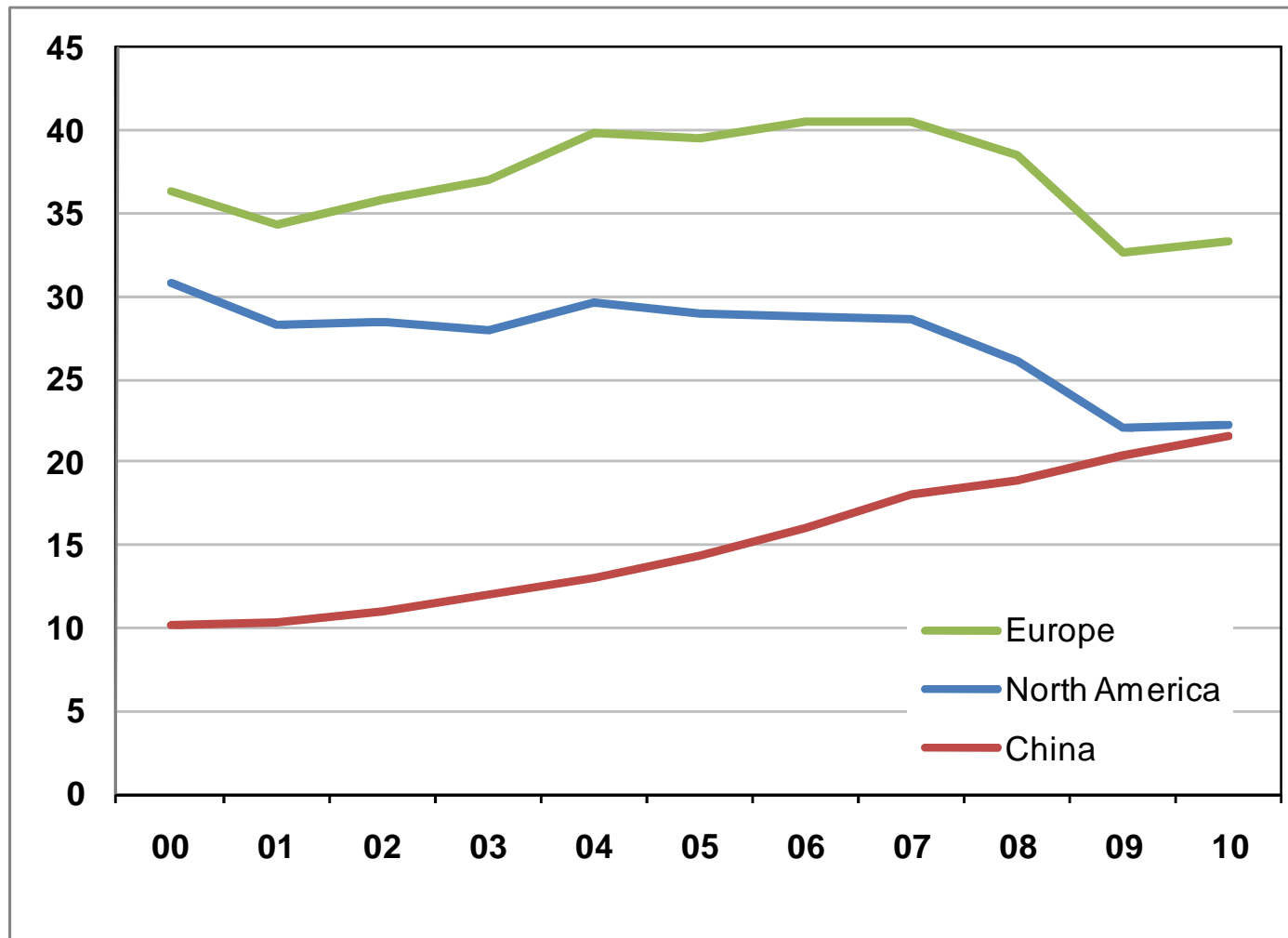
# Production of Newsprint (Million Tonnes/Year)



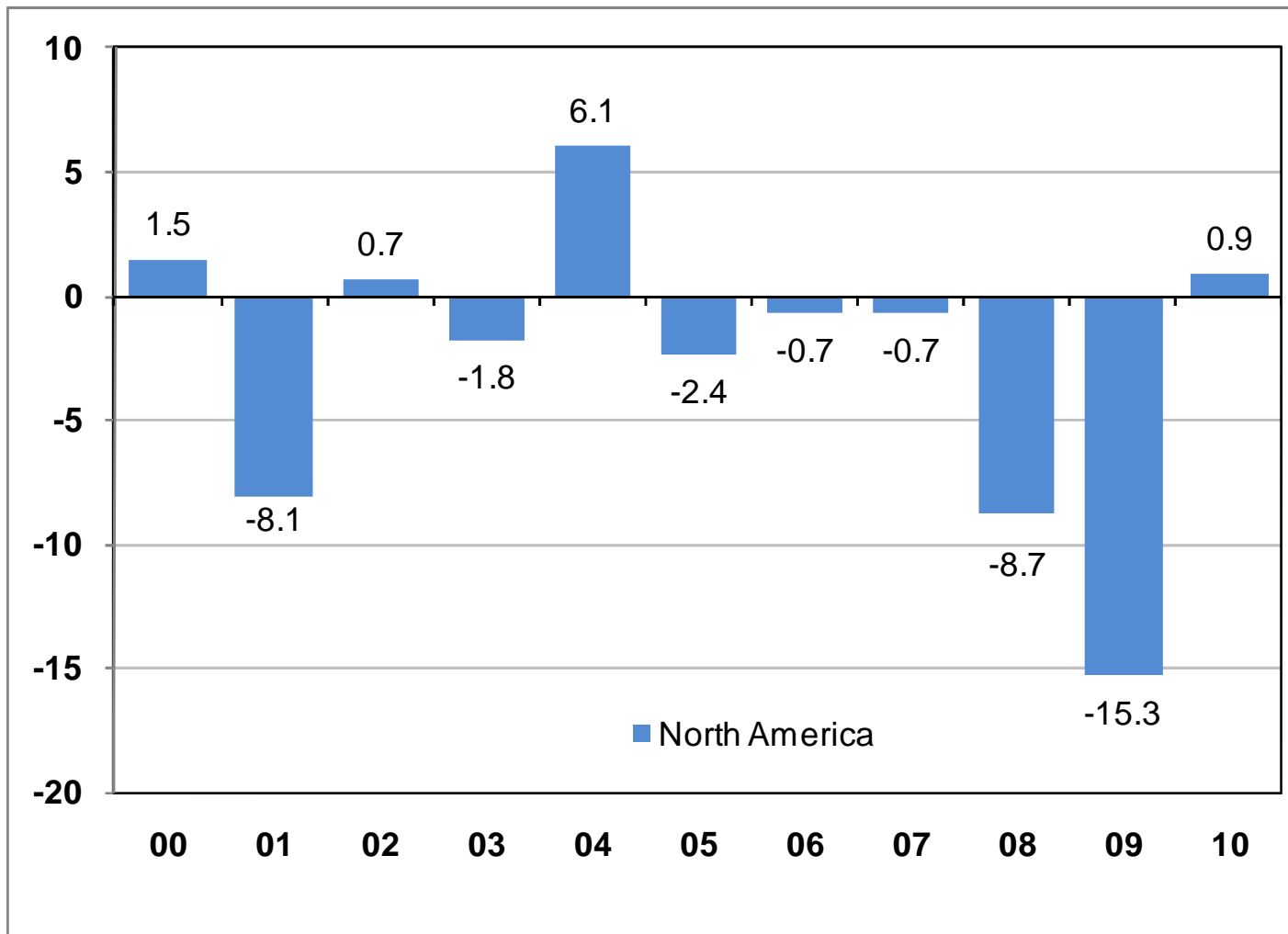
# North American Production of Newsprint (% Change)



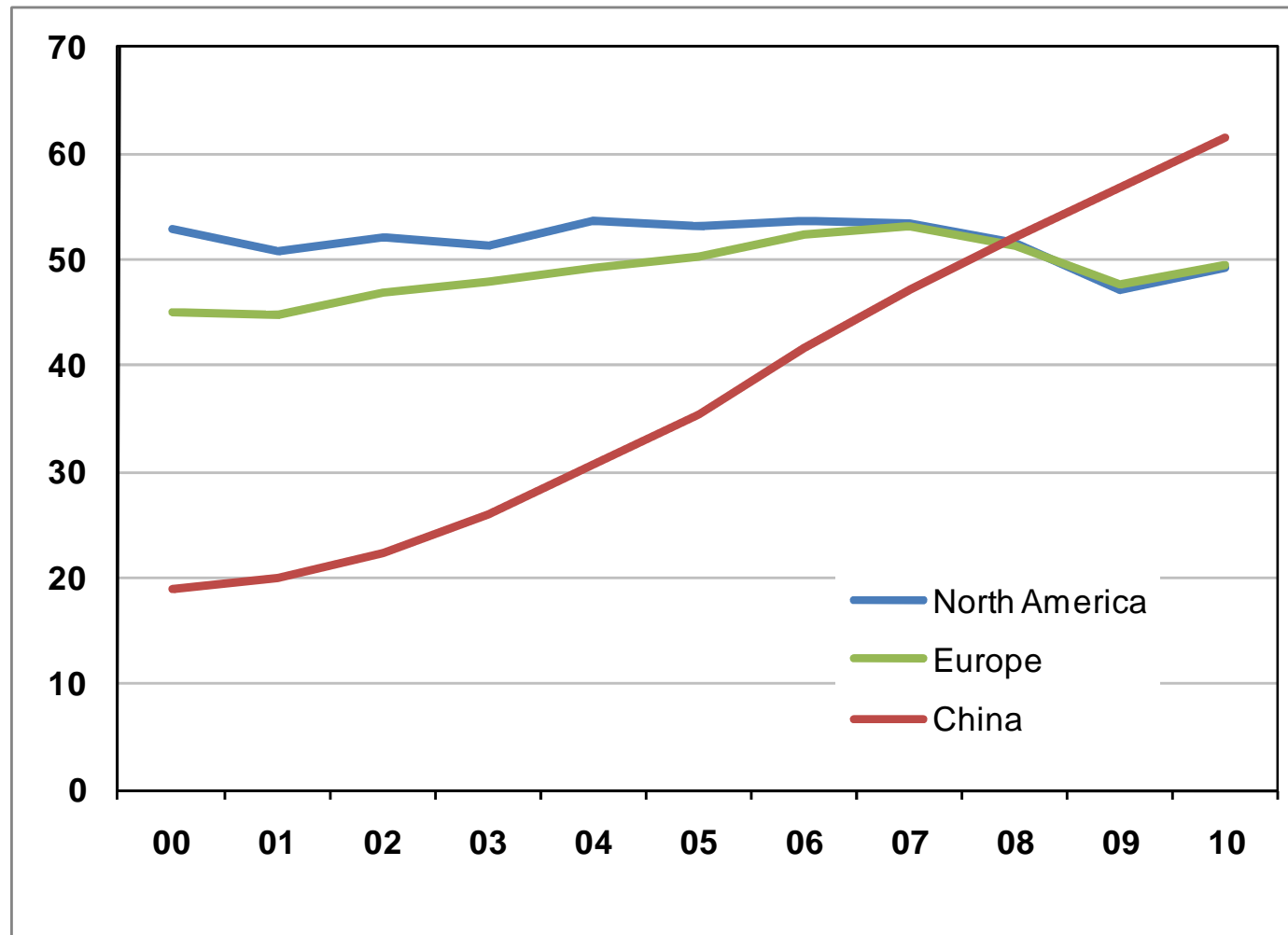
# Production of Printing and Writing Paper (Million Tonnes/Year)



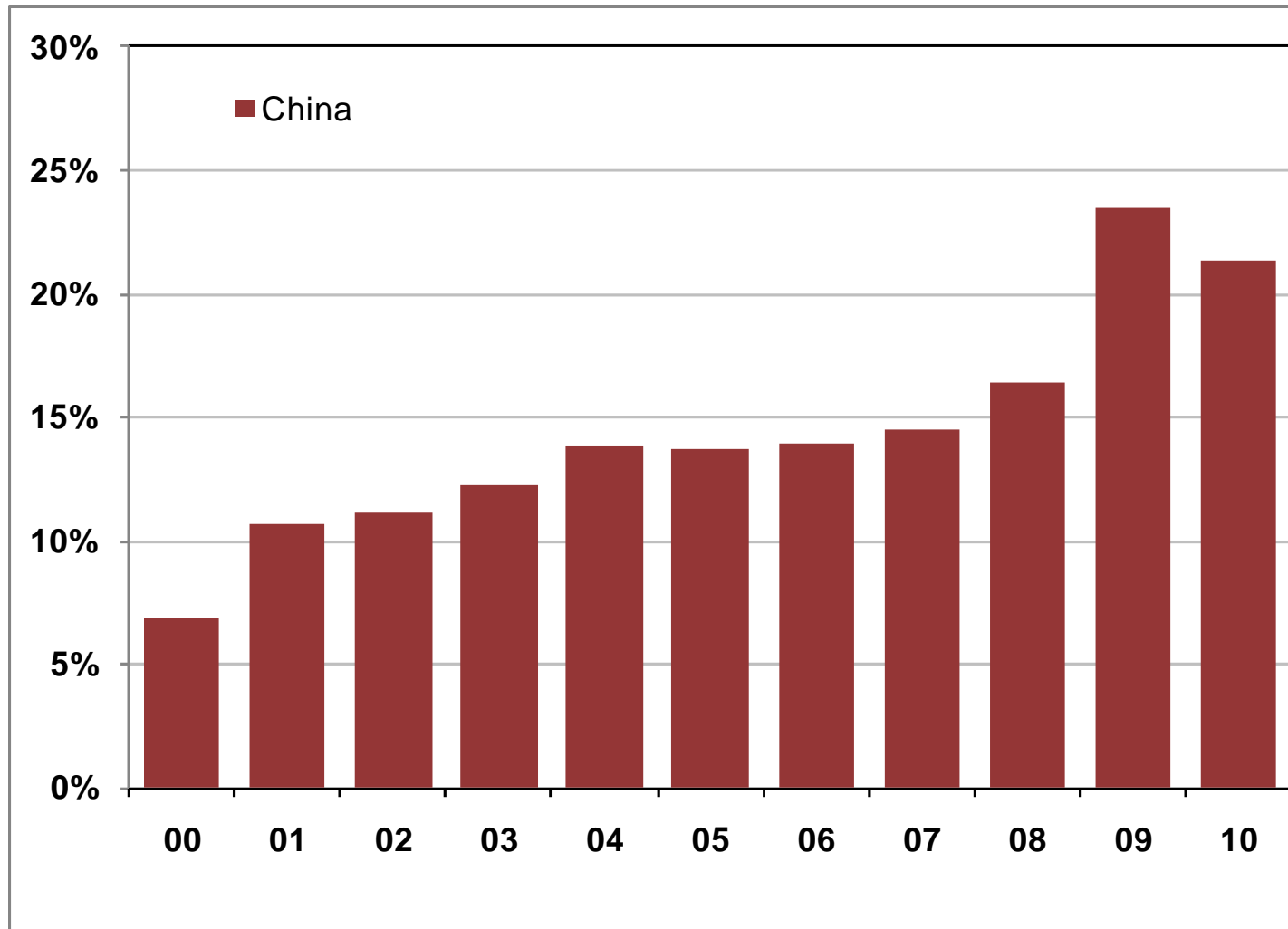
# North American Production of P&W Paper (% Change)



# Production of Packaging Paper/Paperboard (Million Tonnes/Year)

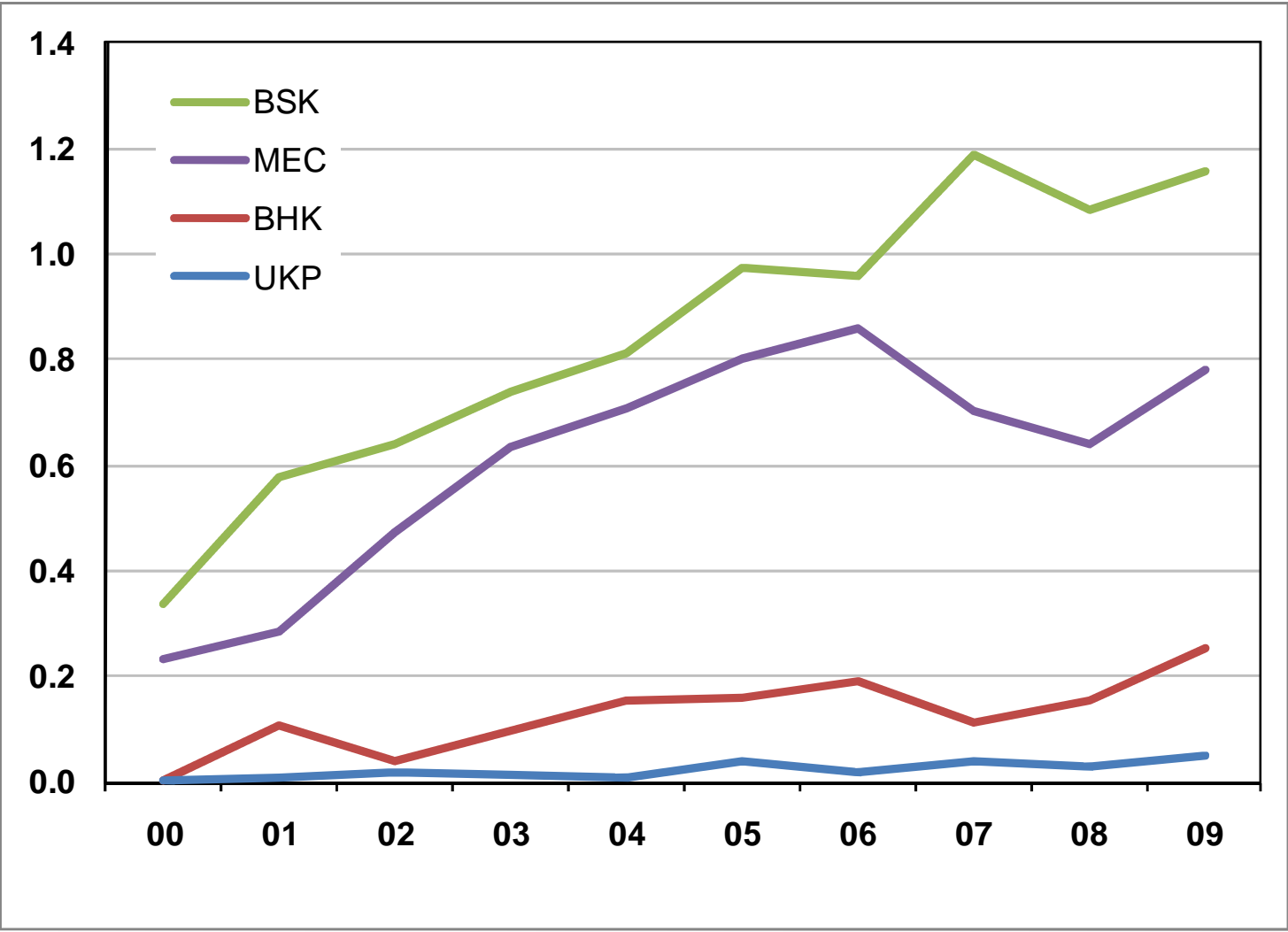


## China's Share of World Market Pulp Demand

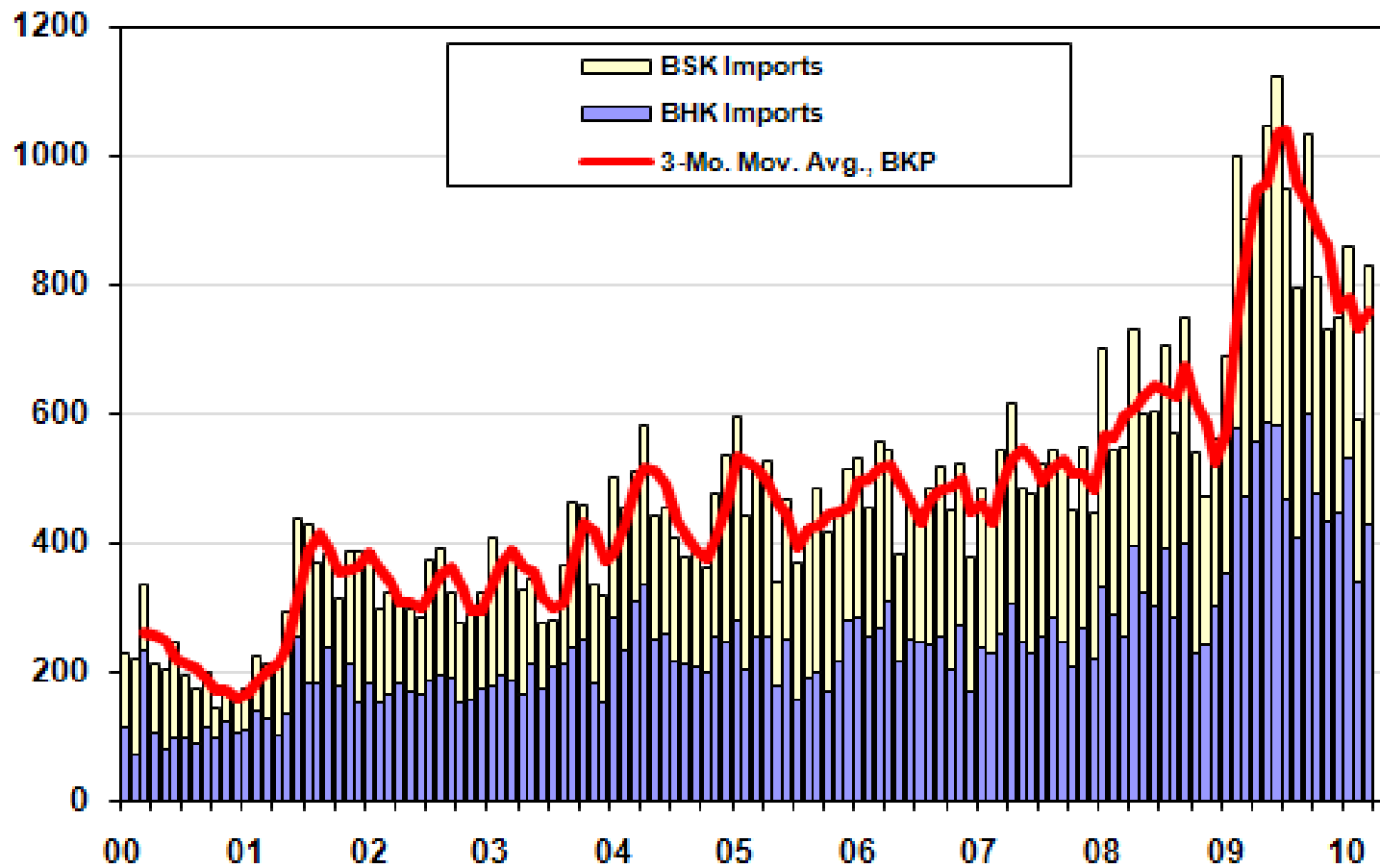


# Canadian Pulp Exports to China

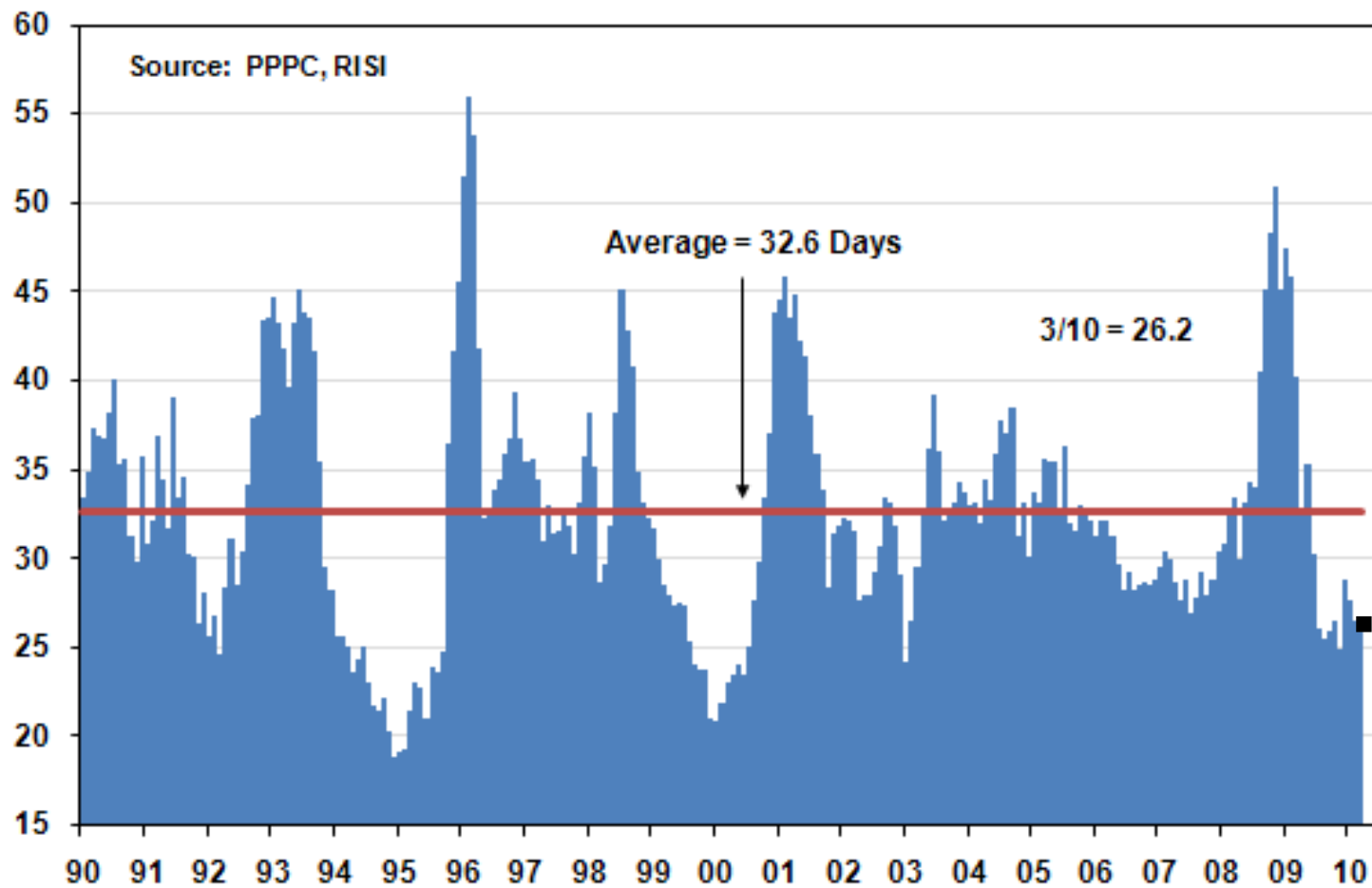
(Million Tonnes/ Year)



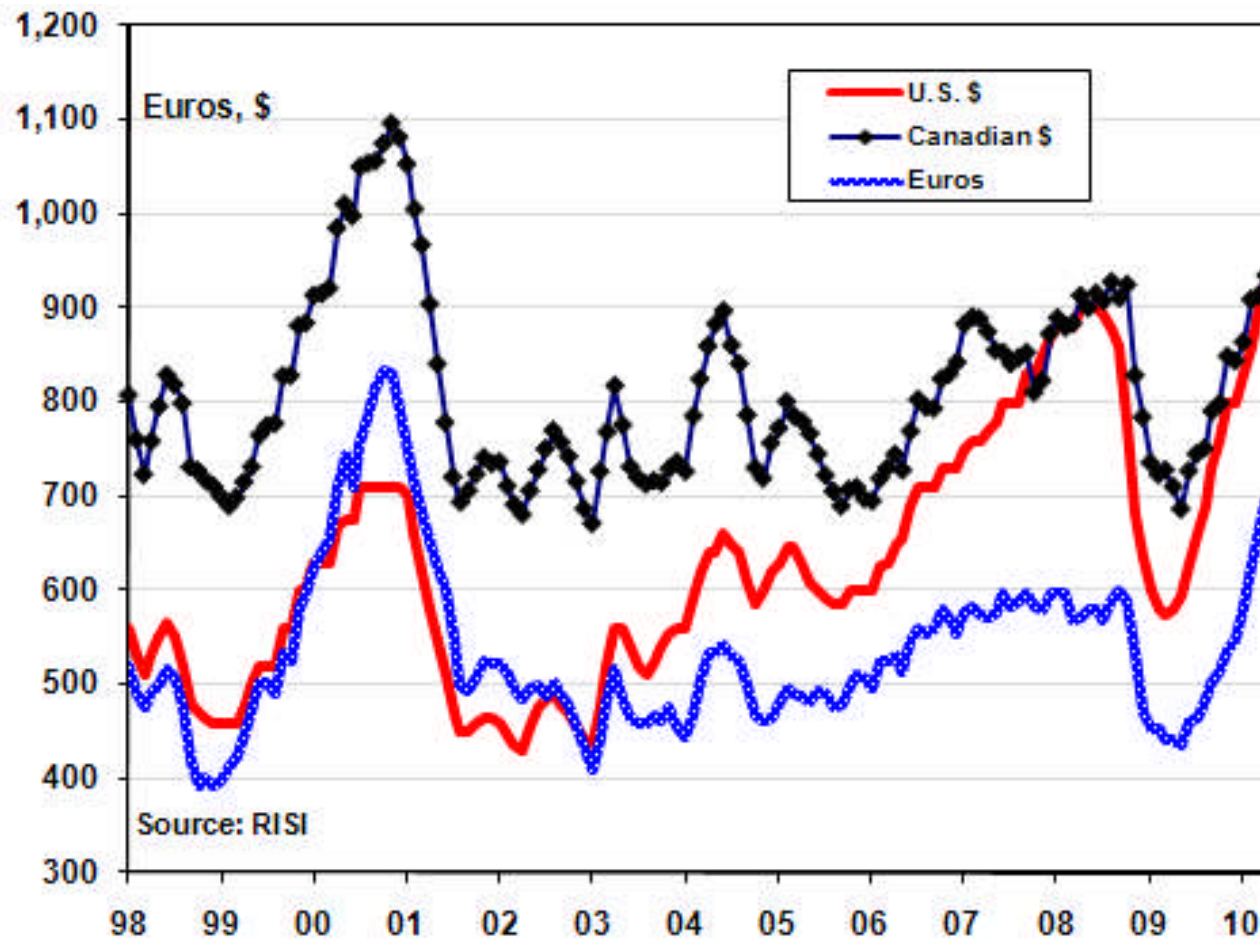
# Pulp Shipments to China



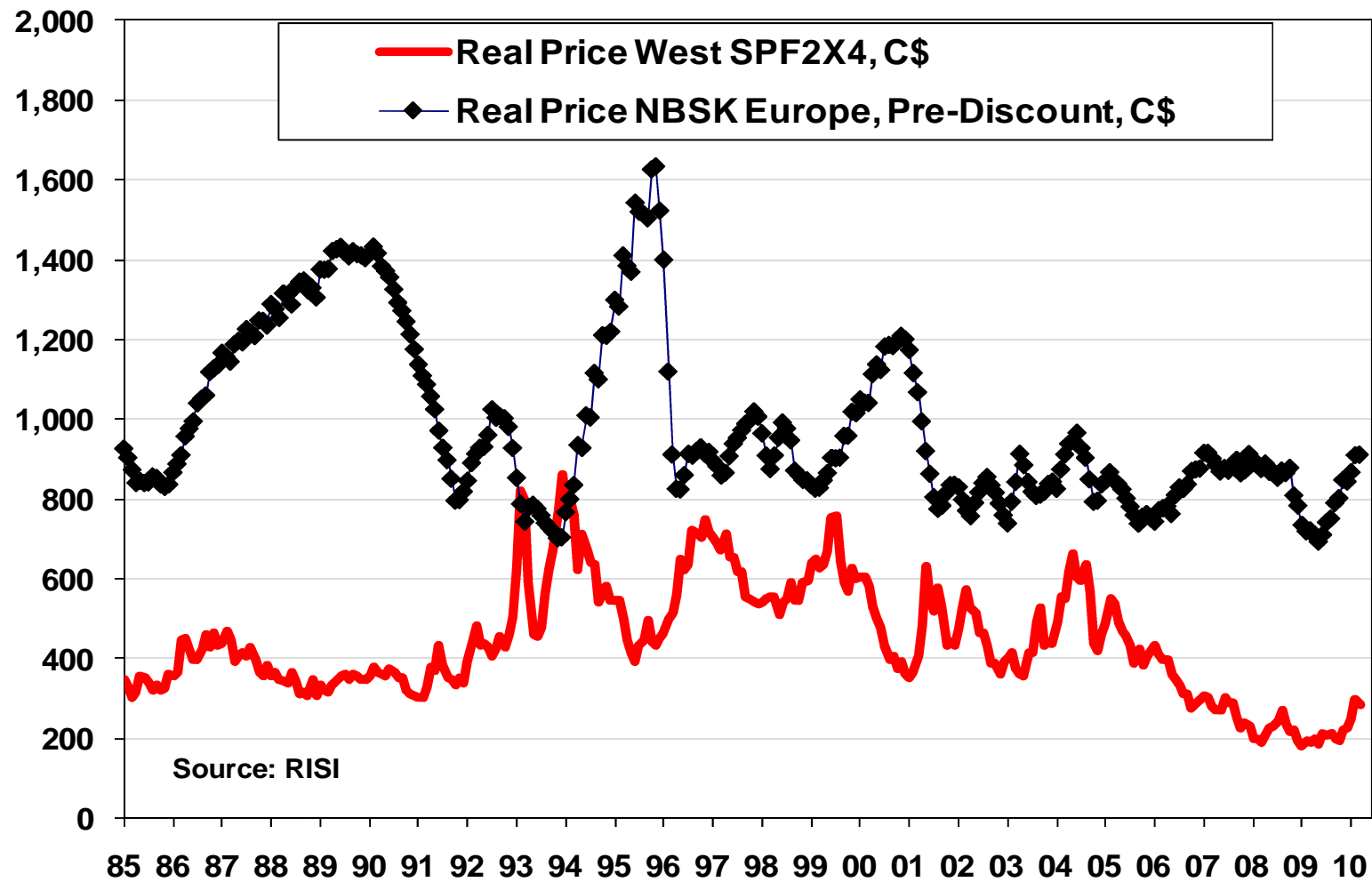
# Producer Inventories Bullish For Prices



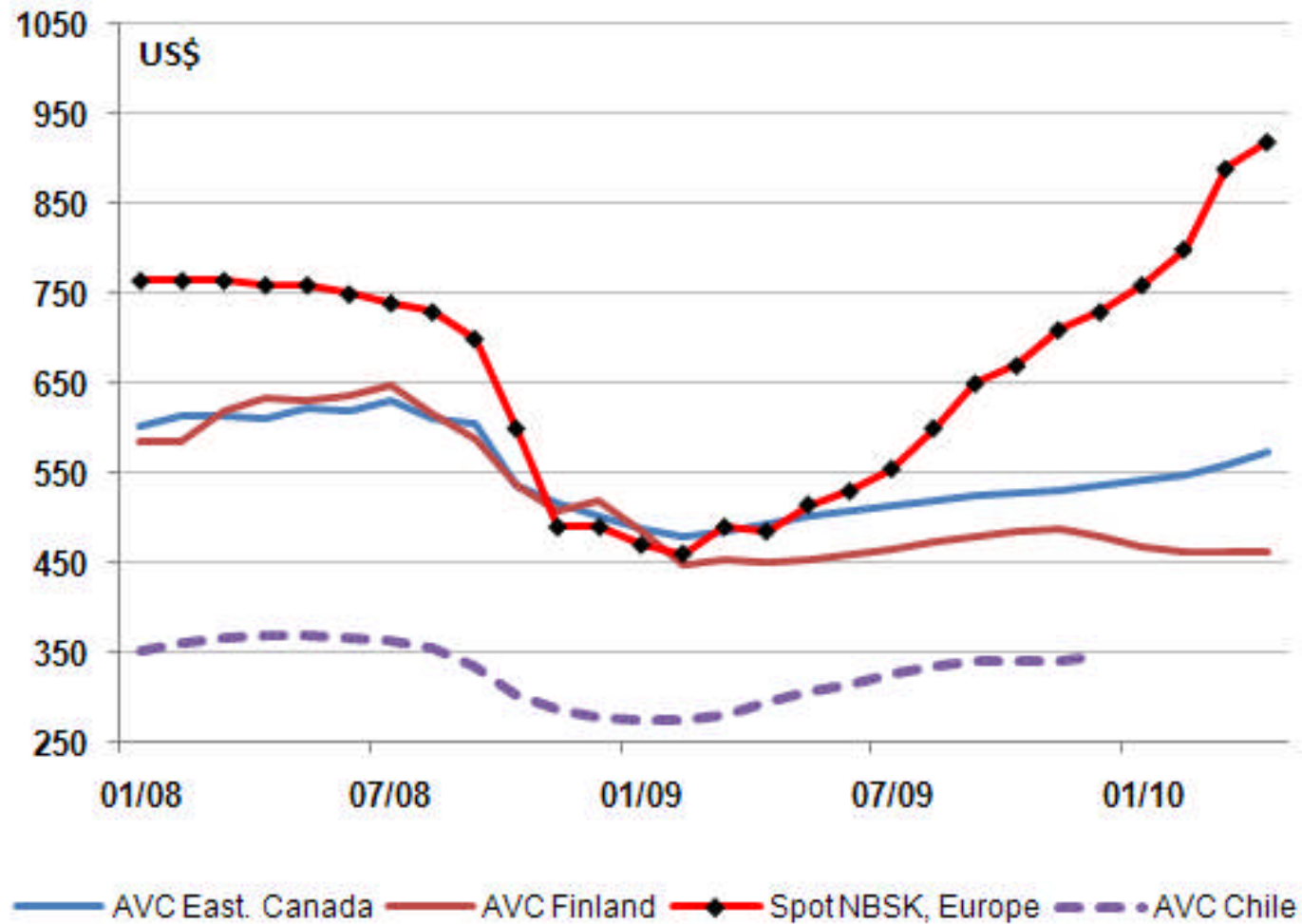
## NBSK Prices Above 2008 Peak Level Currency Units per Tonne, Delivered N. Europe



# NBSK and Lumber Prices in 2009 Canadian Dollars



## NBSK Prices Are Now Well Above Delivered Cash Production Costs

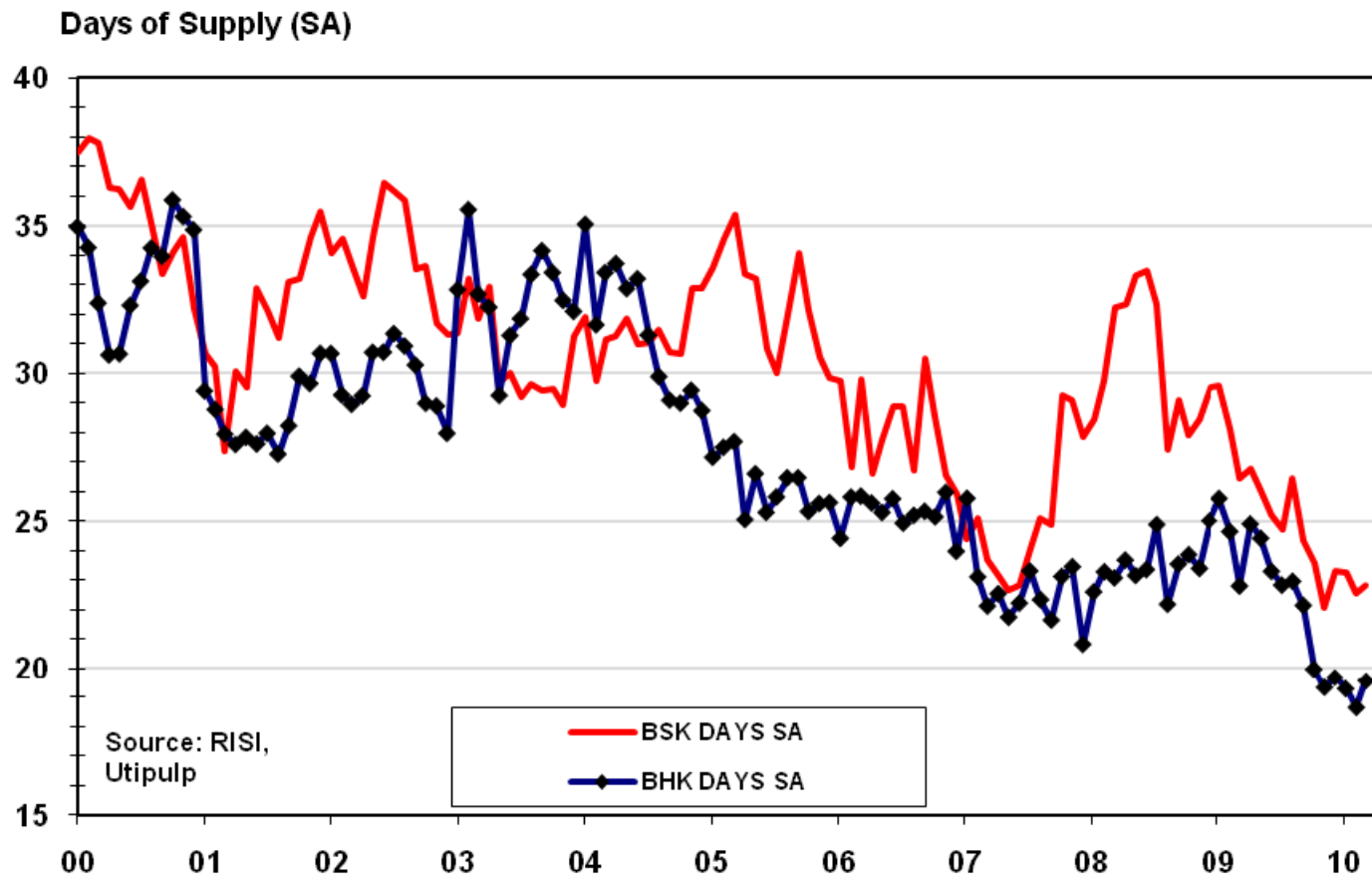


## Bleached Kraft Pulp Closures in North America

Mill	Country	Date	Grade	CAP
P&T MacKenzie (I)	CA	2008	BSK	-235
AV Nackawic	CA	3Q08	BHK	-240
Catalyst Elk Falls	CA	4Q08	BSK (Sawdust)	-200
Boise St. Helens	US	4Q08	BSK/BHK	-75/-25
Smurfit Pontiac	CA	4Q08	BHK	-225
Samoa	US	4Q08	BSK	-210
Marathon	CA	1Q09	BSK	-200
IP Bastrop	US	2008	BSK	-410
Terrace Bay (I)	CA	1Q09	BSK/BHK	-345/-70
Catalyst Crofton (I, ***)	CA	1Q09	BSK	-310
Fraser Thurso (I)	CA	2Q09	BHK	-250
<b>TOTAL</b>				<b>2.8 Million</b>
* Partially Restarted				

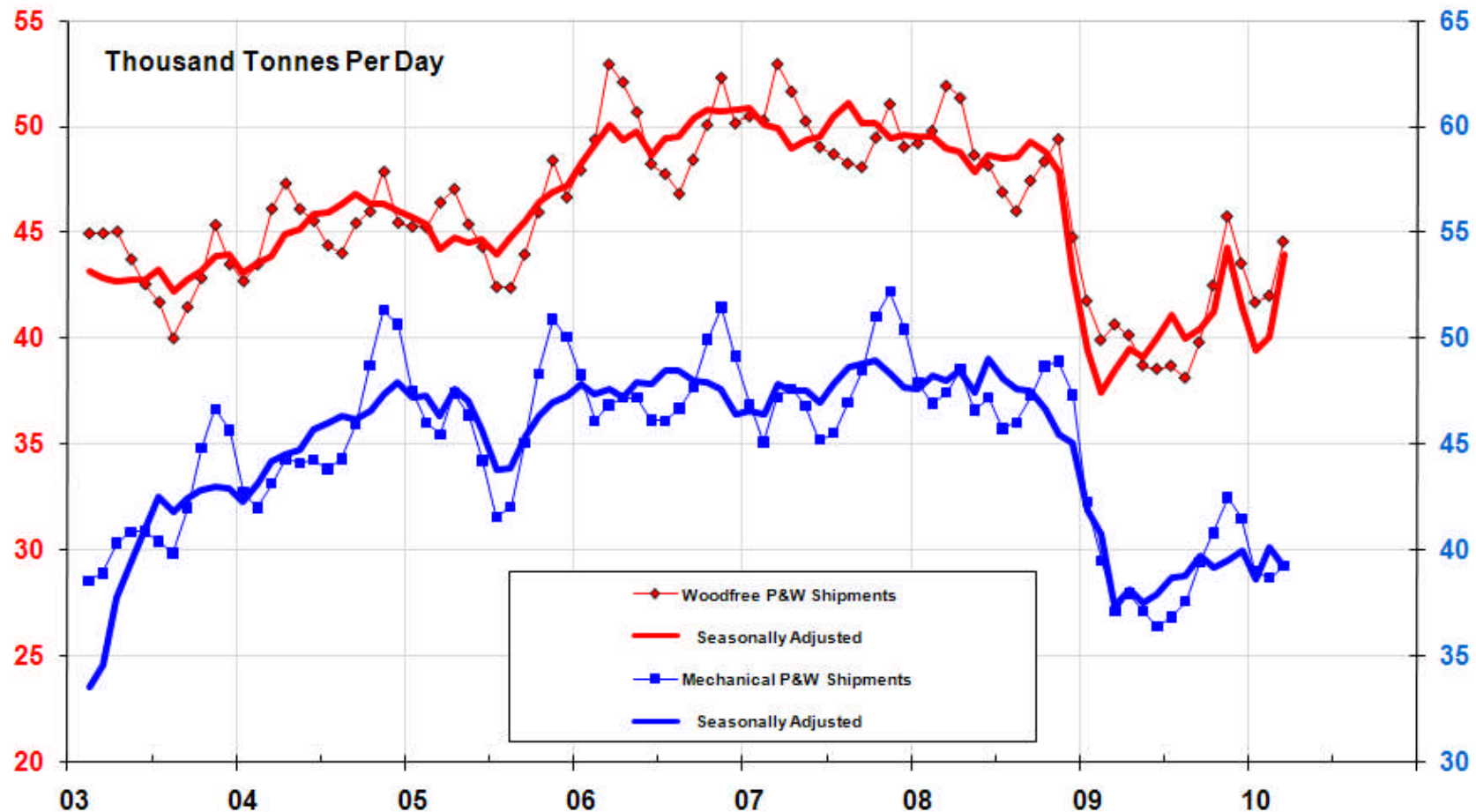
# European Consumer Inventories

## Bullish For Prices



# P&W Paper Demand in Europe Recovering

(Thousand tonnes per day, 3 month moving average)



## Major Pulp Projects in China

Company	Province	Start	Grade	CAP
Longjiangfu (CITTC)	Heilongjiang	2008	BSKP	300K
Tiger & Forest paper	Huaihua, Hunan	End-2008	BSKP	400K
Tiger & Forest paper	Changde, Hunan	2009	BHKP	300K
Tiger & Forest paper	Yiyang, Hunan	2009	BEKP	400K
APP	Guangxi	2009-10	BCTMP	300K
SSYMB Rizhao	Shandong	3Q 2010	BHKP	1000K
Chenming	Guangdong	Late 2011	BHKP	700K
Stora Enso	Guangxi	Doubtful	BEKP	900K

# NBSK Price Rallies Since 1982

