

The Tembec logo is displayed in white, bold, sans-serif font within a teal rectangular box. The word "Tembec" is written in a clean, modern style with a slight shadow effect.

Tembec

Company Profile
July 2011

Corporate Strategy

Goals

- Achieve superior results and improve the Company's relative and absolute financial performance
- Streamline operations and position the business to capitalize on normalizing / improving market trends
- Maintain low debt levels and ample liquidity to provide flexibility for cyclical market lows
- Utilize significant tax shelters to enhance free cash flow

Operational Focus

- Focus on core businesses of pulp, forest products and coated paperboard
- Assets in the first or second quartile on the cost curve
- Monetize non-core / non-strategic assets at an accretive value

Financial Targets

- Liquidity target of \$200 million provides ample cushion against annual cash requirements
- Maintain net leverage of 2.5x or below and seek to continually de-lever through free cash flow generation and EBITDA growth
- +10% EBITDA margins

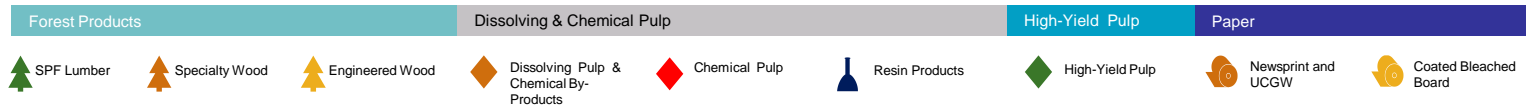
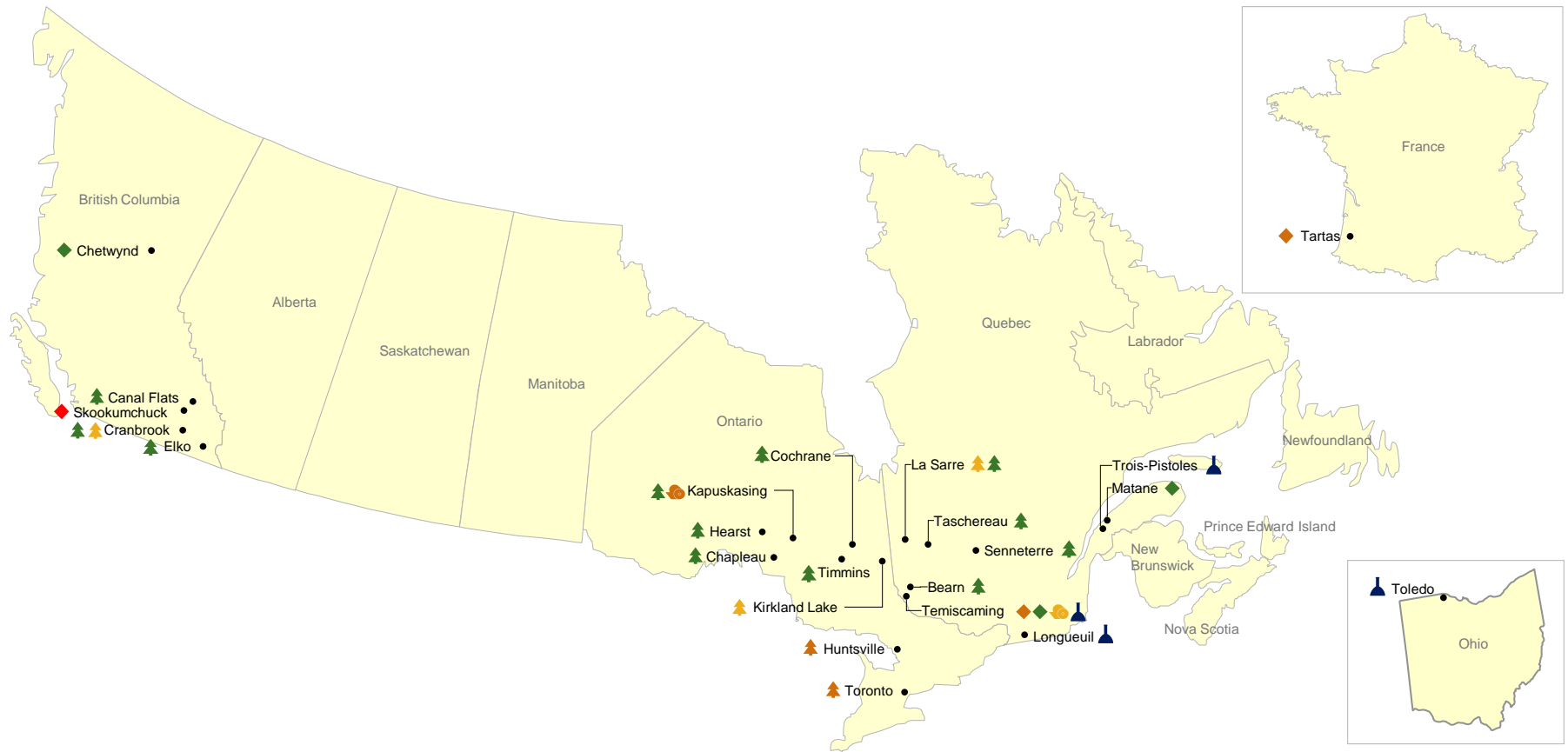
Company Overview



| Dissolving & Chemical Pulp | High-Yield Pulp | Forest Products | Paper |
|--|--|---|--|
| <ul style="list-style-type: none"> #1 producer of specialty dissolving pulp for Cellulose Ethers, MCC & Nitrocellulose 310,000 tonnes of annual dissolving pulp capacity 270,000 tonnes of annual chemical pulp capacity - NBSK Includes by-product and resin chemical sales 67% of FY2010 sales generated outside of Canada and the U.S. | <ul style="list-style-type: none"> #1 producer of High -Yield pulp Used in high quality paper, bleached board & sanitary products 100% hardwood grades 805,000 tonnes of annual capacity 98% of FY2010 sales generated outside of Canada and the U.S. | <ul style="list-style-type: none"> Produces a range of commodity and value-added forest products including SPF lumber, Hardwood lumber, Engineered wood products, Hardwood flooring and wood chips Harvested and delivered 3.2 million cubic meters of timber in FY2010 North America accounted for 98% of sales in FY2010 | <ul style="list-style-type: none"> Produces newsprint for use in newspapers, coated paperboard for specialty publishing and premium bleached linerboard used in packaging 330,000 tonnes of newsprint capacity 180,000 tonnes of coated bleached board capacity North America accounted for 95% of sales in FY2010 |
| <p>Normalized Sales \$770M</p> <p>D & C Pulp 30%</p> | <p>Normalized Sales \$560M</p> <p>HY Pulp 22%</p> | <p>Normalized Sales \$800M</p> <p>Forest Products 31%</p> | <p>Normalized Sales \$420M</p> <p>Paper 17%</p> |

We are a leading diversified and integrated forest products company with annual sales of ~\$2.5 billion

Geographic Footprint



The Tembec logo is displayed in white, bold, sans-serif font within a teal rectangular box. The background of the slide features a stack of white, textured sheets, possibly paper or plastic, with a blue horizontal band across the middle.

Tembec

Segment Overview

A Leader in FSC-certified Pulp



CELLUTIONS
Specialty Cellulose Pulp
310,000 tonnes



**Northern Bleached
Softwood Kraft (NBSK)
Pulp**
270,000 tonnes



High-Yield Pulp
805,000 tonnes

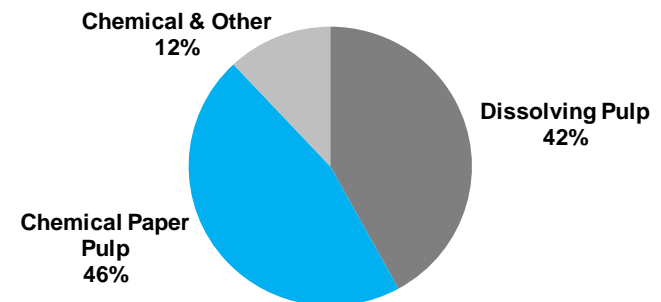
Dissolving & Chemical Pulp

- Three manufacturing facilities producing:
 - Dissolving pulp (specialty cellulose, commodity textile grade & biofluff)
 - Chemical paper pulp (NBSK)
- Leader in FSC-certified pulp
- Dissolving pulp used in a variety of applications including textiles, pharmaceuticals, food additives
- #1 producer of specialty dissolving pulp for cellulose ethers, MCC and nitrocellulose
- Chemical pulp used to produce high-quality paper products with specific brightness, bulk and strength characteristics – sanitary products
- Produce lignin and ethanol from dissolving pulp process – resin sales to OSB industry
- Maintain sales or representative offices in Canada, France, Switzerland, China, Korea, Taiwan and Japan

Facility Details

| Dissolving Pulp | tonnes |
|---------------------------------------|----------------|
| Specialty cellulose - Temiscaming, QC | 160,000 |
| Specialty cellulose - Tartas, France | 150,000 |
| Total | 310,000 |
| Chemical Paper Pulp | |
| Softwood kraft - Skookumchuck, BC | 270,000 |
| Chemicals | tonnes |
| Lignin | |
| Temiscaming, QC | 90,000 |
| Tartas, France | 100,000 |
| Resin & Related Products | |
| Temiscaming, QC | 47,000 |
| Longueuil, QC | 100,000 |
| Toledo, OH | 10,000 |
| | litres |
| Ethanol - Temiscaming, QC | 12,000,000 |

FY2010 Sales



Total Sales: \$830M

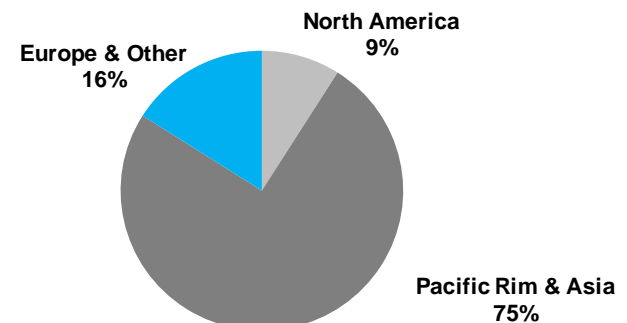
High-Yield Pulp

- Three manufacturing facilities producing hardwood high-yield pulp
- #1 producer of high-yield pulp
- Leader in FSC-certified pulp
- Pulp used to produce high-quality paper products, coated multi-ply bleached board and disposable sanitary products
- Maintains sales or representative offices in Canada, France, Italy, China, Korea, Taiwan and Japan

Facility Details

| High-Yield Pulp | tonnes |
|---------------------------------------|----------------|
| Hardwood high-yield - Temiscaming, QC | 315,000 |
| Hardwood high-yield - Matane, QC | 250,000 |
| Hardwood high-yield - Chetwynd, BC | 240,000 |
| Total | 805,000 |

FY2010 Sales



Total Sales: \$395M

A Leader in FSC-certified Wood Products



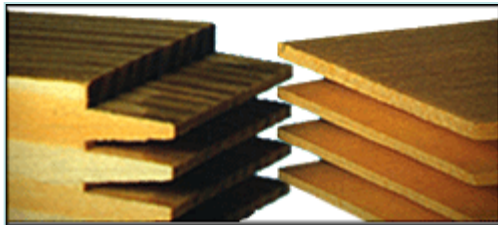
SPF Lumber
1.6 Billion Board ft



Hardwood Lumber
30 Million Board ft



Hardwood Flooring
20 Million Square Ft



**Engineered finger joint
lumber**
90 M Board ft



Wood Chips
1.6 Million Bone Dry Tonnes

Forest Products

- Produces a wide range of commodity forest products used primarily for residential and commercial construction
- Segment divided into two main areas of activity:
 - Forest Resource Management
 - Manufacturing Operations
- Manufactured products include SPF lumber, Hardwood lumber, Engineered wood products, Hardwood flooring and wood chips
- Highly diversified customer base
- Leader in FSC-certified wood products

(1) Sites are operated as a combined entity.

(2) The Elko and Canal Flats sawmills rely on the Cranbrook planer mill to dry and dress 80,000 mbf of lumber.

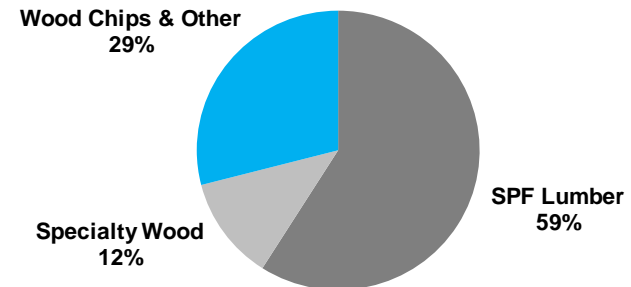
Facility Details

| SPF Lumber | mbf |
|--|------------------|
| Stud lumber - Taschereau/La Sarre, QC ⁽¹⁾ | 200,000 |
| Stud lumber - Senneterre, QC | 150,000 |
| Stud lumber - Cochrane, ON | 170,000 |
| Stud lumber - Kapuskasing, ON | 105,000 |
| Random lumber - Bearn, QC | 110,000 |
| Random lumber - Chapleau, ON | 135,000 |
| Random lumber - Timmins, ON | 100,000 |
| Random lumber - Hearst, ON | 160,000 |
| Random lumber - Canal Flats, BC ⁽²⁾ | 180,000 |
| Random lumber - Elko, BC ⁽²⁾ | 270,000 |
| Finger joint lumber - Cranbrook, BC | 25,000 |
| Total | 1,605,000 |

| Specialty Wood | |
|--|--------|
| Hardwood lumber - Huntsville, ON - mbf | 30,000 |
| Flooring - Huntsville, ON/Toronto, ON – thousand square ft | 20,000 |

| Engineered Wood | mbf |
|--|---------------|
| Engineered finger joint lumber - La Sarre, QC | 60,000 |
| Engineered finger joint lumber - Kirkland Lake, ON | 30,000 |
| Total | 90,000 |

FY2010 Sales



Total Sales: \$434M

A Leader in FSC-certified Paper Products

**Newsprint
330,000 Tonnes**



Coated Bleached Board 180,000 Tonnes



**Kallima Coated
Cover Grades**



**Premium Bleached
Linerboard**

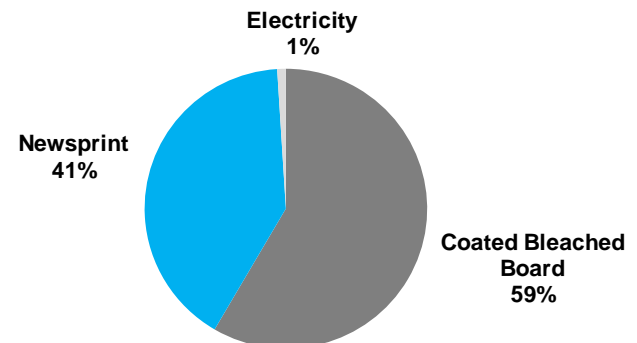
Paper

- Paper segment is divided into two main categories:
 - Coated Bleached Board: Focus on lightweight, fully bleached coated board used in commercial printing, publishing, prestige packaging, high-impact graphic corrugated containers, point-of-purchase displays and litho-laminated packaging
 - Newsprint: Primarily used for the publication of daily newspapers
- Leader in FSC-certified paper products

Facility Details

| | |
|------------------------------|----------------|
| Newsprint | tonnes |
| Kapuskasing, ON | 330,000 |
| Coated Bleached Board | |
| Temiscaming, QC | 180,000 |
| Total Paper | 510,000 |

FY2010 Sales



Total Sales: \$348M

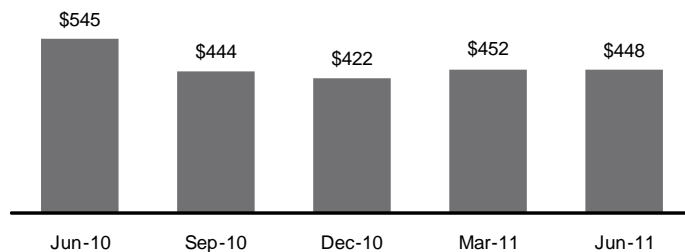
The Tembec logo consists of the word "Tembec" in a bold, white, sans-serif font, centered within a solid blue rectangular box. The background of the slide features a stack of white papers with horizontal lines, creating a sense of depth and texture, set against a light blue gradient.

Tembec

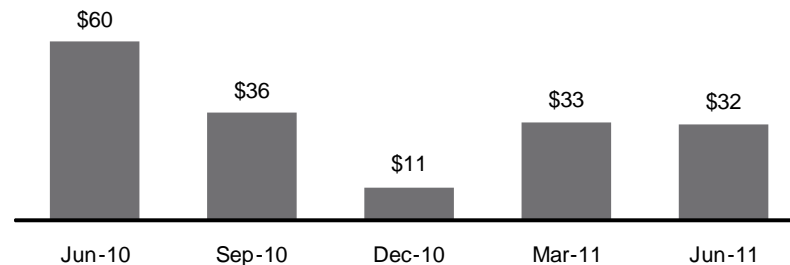
Financial Performance

Financials Results

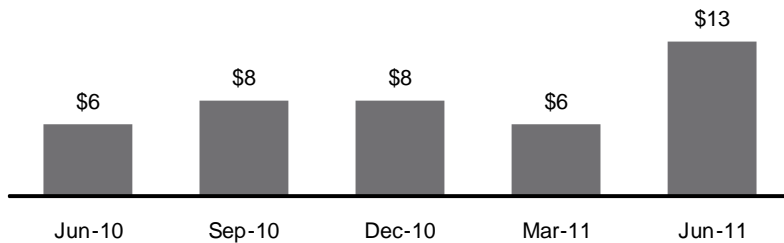
Consolidated Sales - \$ Millions



EBITDA - \$ Millions



CAPEX - \$ Millions



EBITDA Margins - %

