

The Tembec logo is displayed in white, bold, sans-serif font within a teal rectangular box. The letters are thick and modern, with a slight shadow effect. The background of the entire slide is a blue gradient with a blurred image of a building's corner, showing many horizontal lines that create a sense of depth and perspective.

Tembec

Company Profile
February 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

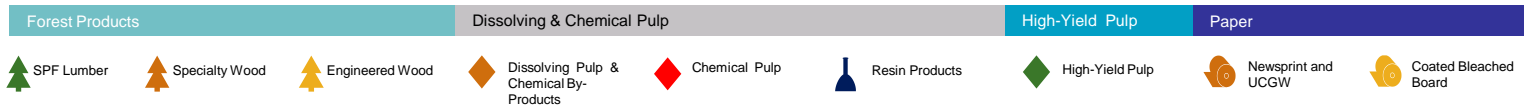
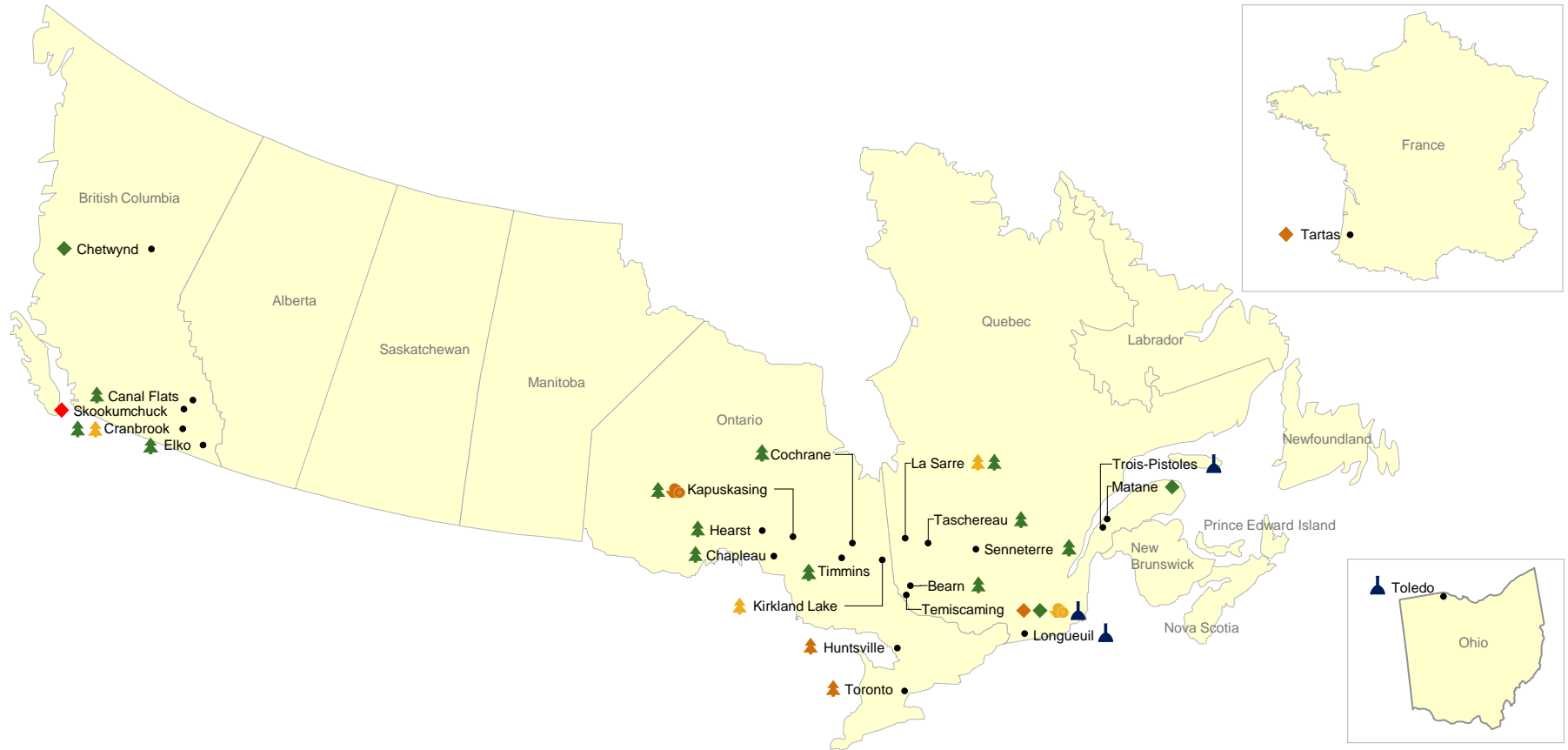
Company Overview



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 logo for Tembec, featuring the word "Tembec" in a bold, white, sans-serif font. The letters are contained within a solid blue rectangular box. The background of the slide is a light blue gradient with a faint, repeating pattern of white, textured rectangular shapes that resemble stacked paper or cardboard.

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

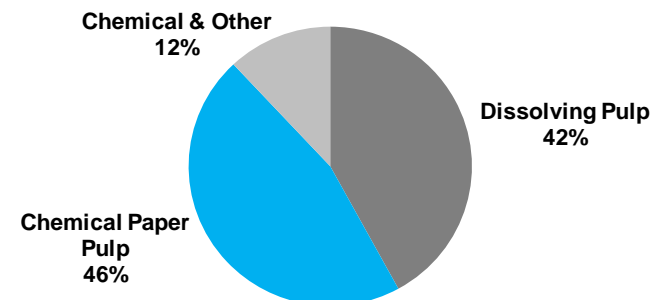
Dissolving & Chemical Pulp

- 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

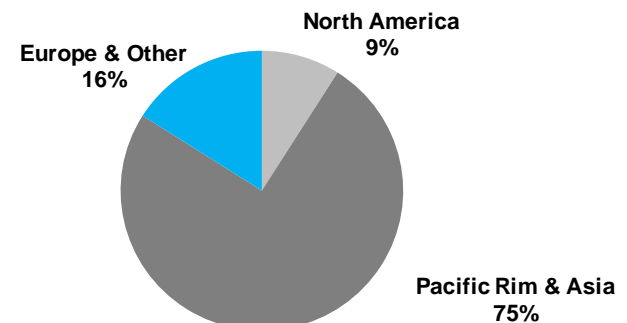
High-Yield Pulp

- 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



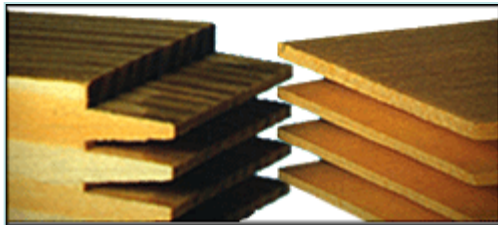
SPF Lumber
1.6 Billion Board ft



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.

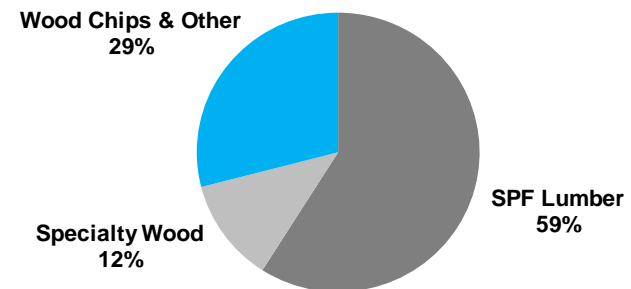
Facility Details

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**

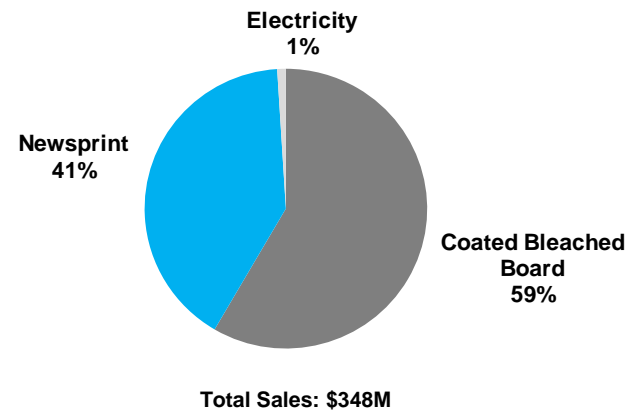
Paper

- 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



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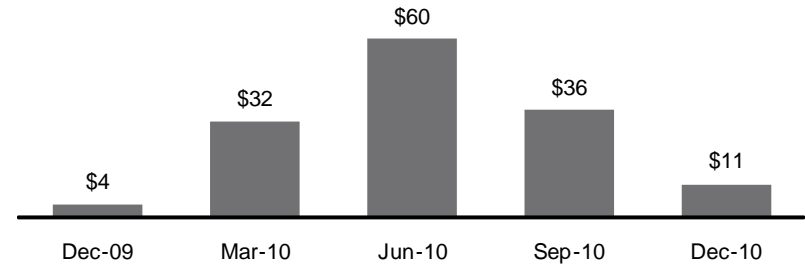
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Financial Performance

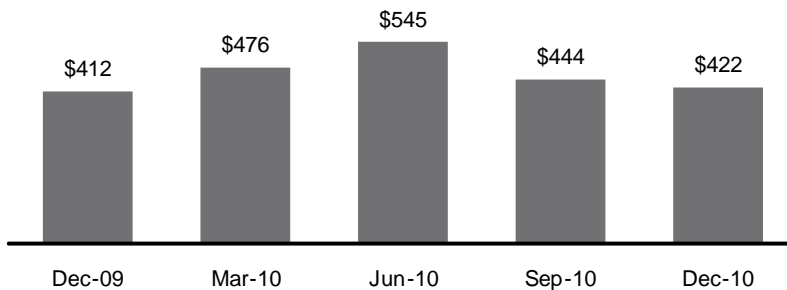
Financials Results

- Significant improvement over FY2009 driven by better pulp results
- High maintenance expenses impacted Sept & Dec 2010 quarterly results
- Refinanced US \$ 300M term loan with US \$ 255M senior secured notes maturing December 2018

EBITDA - \$ Millions



Consolidated Sales - \$ Millions



EBITDA Margins - %

