

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 papers or documents, slightly blurred, against a light blue gradient.

Tembec

Investor Presentation

April 4-5, 2011

This presentation includes “forward-looking statements” within the meaning of securities laws. Such statements relate, without limitation, to the Company’s or management’s objectives, projections, estimates, expectations or predictions of the future and can be identified by words such as “may”, “will”, “could”, “anticipate”, “estimate”, “expect” and “project”, the negative or variations thereof, and expressions of similar nature. Forward-looking statements are based on certain assumptions and analyses made by the Company in light of its experience, information available to it and its perception of future developments. Such statements are subject to a number of risks and uncertainties, including, but not limited to, changes in foreign exchange rates, product selling prices, raw material and operating costs and other factors identified in the Company’s periodic filings with securities regulatory authorities. Many of these risks are beyond the control of the Company and, therefore, may cause actual actions or results to materially differ from those expressed or implied herein. The forward-looking statements contained herein reflect the Company’s expectations as of the date hereof and are subject to change after such date. The Company disclaims any intention to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable securities legislation.

The information contained in this presentation is current only as of its date and has not been, and unless required pursuant to applicable securities laws, will not be, updated to reflect any changes or facts or circumstances that occurred after such date that may make such information inaccurate or incomplete. In addition, the market data included in this presentation, including information related to the Company’s relative position in the industry, is based on internal studies, market research and publicly available information and industry publications. Although the Company believes that such studies, research, information and publications are reliable as of the date of this presentation, they may prove to be inaccurate because of the method by which the Company obtained some of the data for its estimates or because this information cannot always be verified with certainty due to the limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties. In addition, the Company has not independently verified any of the data from third-party sources nor has it ascertained the underlying economic assumptions relied upon therein. As a result, market, ranking and other similar industry data included in this presentation, and estimates and beliefs based on the data, may not be accurate and complete.

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 stack of white, textured sheets or papers visible in the upper and lower right corners.

Tembec

Company Overview

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

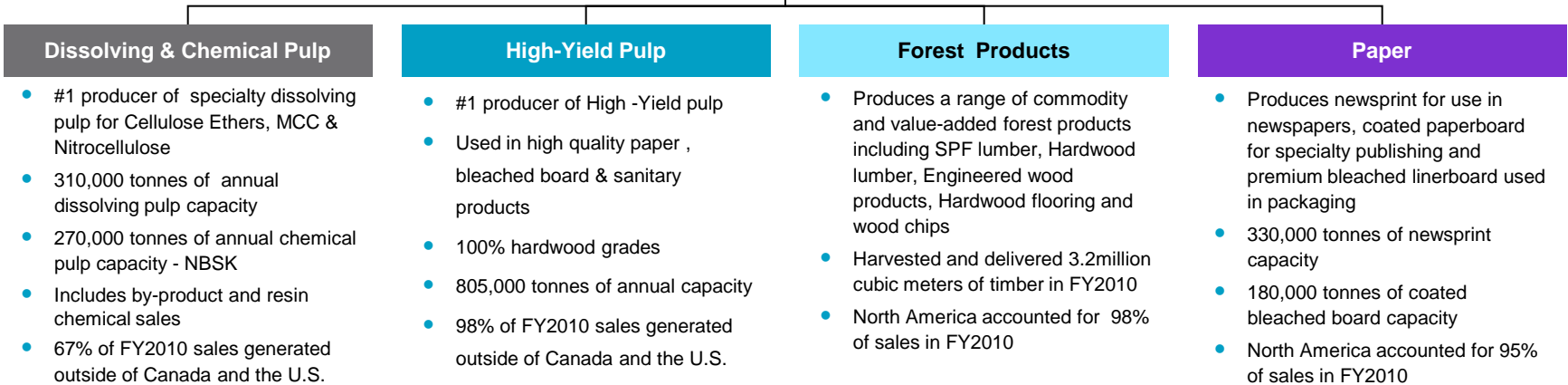
Operational Goals

- Focus on core businesses of pulp, forest products and coated bleached board
- Assets in the first or second quartile on the cost curve
- Improve productivity of existing asset base

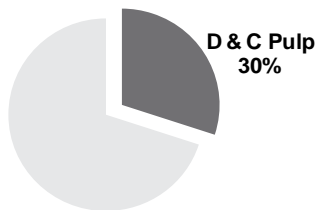
Current position

Industry	Operational	Financial
<ul style="list-style-type: none"> • Strong specialty and commodity dissolving pulp markets • Good fundamentals in the softwood Kraft pulp market • Hardwood high-yield pulp under pressure as expected • Lumber benefiting from production curtailments/seasonal uptick – China also becoming a factor • Good supply / demand and backlog of orders in coated bleached board • Flat newsprint pricing 	<ul style="list-style-type: none"> • Goal to be well positioned on the cost curve in all businesses • High return operational improvement opportunities identified – increased CAPEX in 2011 will lead to better productivity • Problem assets divested or closed • Remaining assets are core/integrated 	<ul style="list-style-type: none"> • Significant operating leverage to a recovery in US housing/lumber • Improvements in EBITDA – LTM of \$139M • Debt termed out to 2018 • New ABL increased liquidity to \$200 M – maturing in 2016

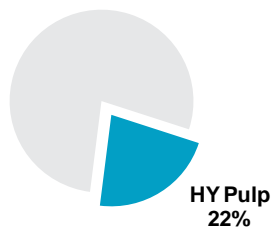
Company Overview



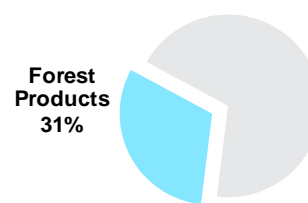
Normalized Sales
\$770M



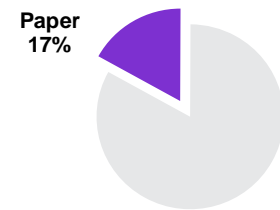
Normalized Sales
\$560M



Normalized Sales
\$800M



Normalized Sales
\$420M

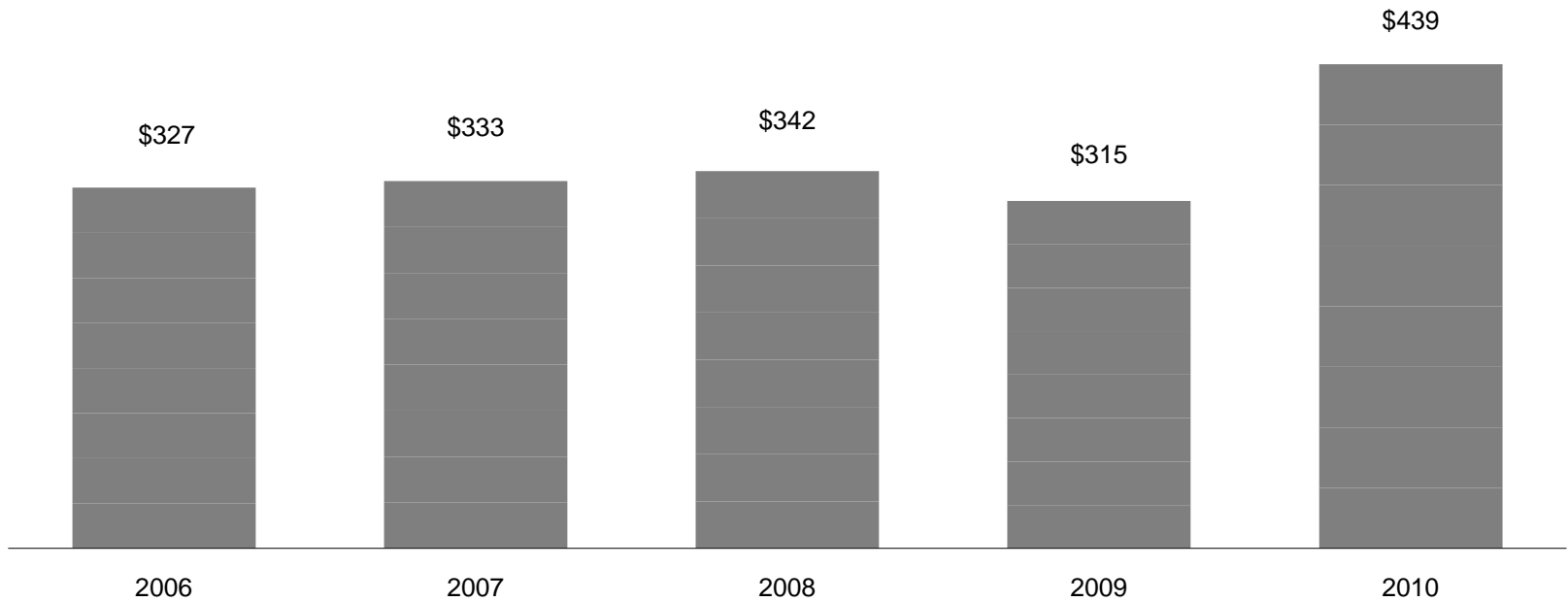


We are a leading diversified and integrated forest products company with annual sales of ~\$2.5 billion

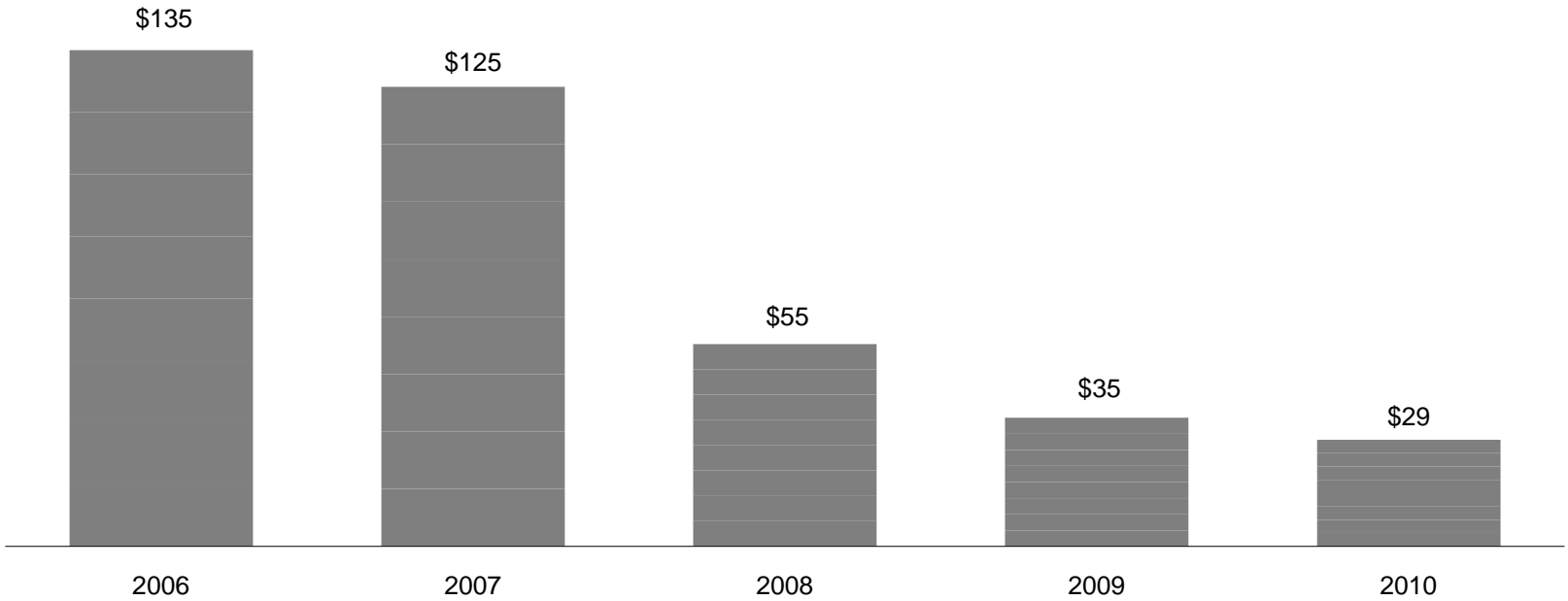
Significant Divestitures/Closures

2005	Pine & HW Lumber	Davidson, Quebec	55,000 MBF	Shut
2005	Unbleached Board	St. Francisville, Louisiana	80,000 Tonnes	Shut
2006	Metal Plates & Webs	Bolton, Ontario	10,000,000 Lbs	Sold
2006	NBSK Pulp Mill	Smooth Rock Falls, Ontario	200,000 Tonnes	Shut
2007	Coated Paper	St. Francisville, Louisiana	280,000 Tonnes	Shut
2008	Dissolving Pulp	Atholville, New-Brunswick	60,000 Tonnes	Sold
2009	NBSK	Marathon, Ontario	100,000 Tonnes	Shut
2009	Hardwood Sawmill	Mattawa, Ontario	40,000 MBF	Shut
2009	SPF Lumber Sawmills	Gaspe, Quebec	75,000 MBF	Sold
2010	NBSK/MBHK Pulp Mills	Southern France	565,000 Tonnes	Sold
2010	Newsprint	Pine Falls, Manitoba	185,000 Tonnes	Shut
2011	SPF Lumber Sawmill	Taschereau, Quebec	TBD	Shut

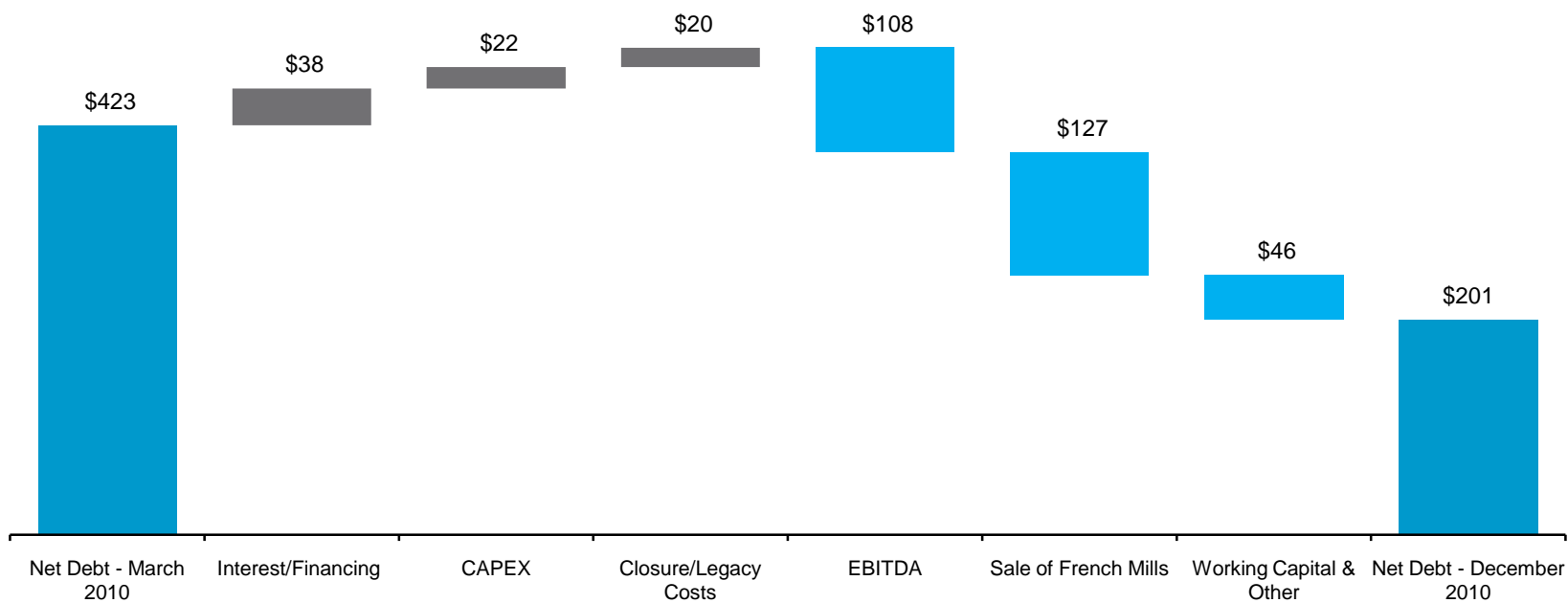
Improved Productivity - \$000's Sales Per Employee



Annual Interest Expense - \$ Millions



Significant Debt Reduction - \$ Millions



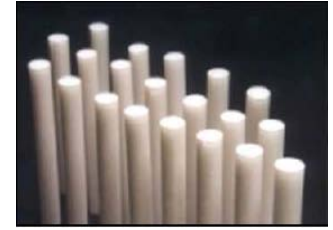
The logo for Tembec, featuring the word "Tembec" in a bold, white, sans-serif font. The letters are contained within a solid blue rectangular box. The background of the slide is a light blue gradient with a stack of white, textured sheets of paper or plastic, slightly out of focus, creating a sense of depth and industry.

Tembec

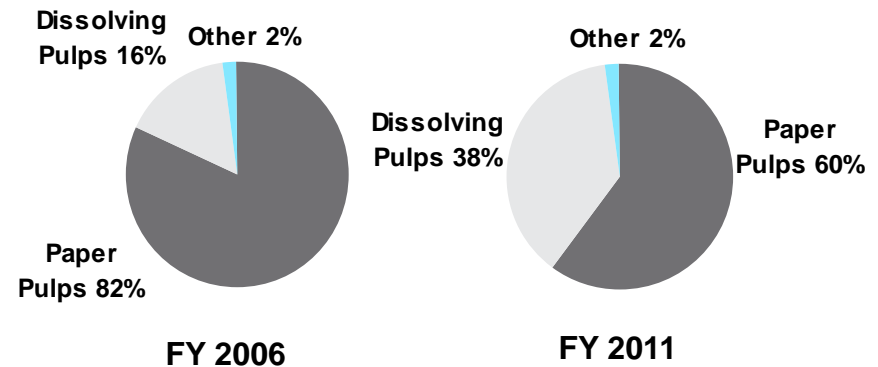
Segment Overview

Pulp

- Six manufacturing facilities producing:
 - Specialty and commodity dissolving pulps – 2 mills
 - Paper pulps - 4 mills (NBSK and HW high-yield pulps)
- #1 producer of cellulose ethers, MCC and nitrocellulose specialty dissolving pulps
- #1 producer of HW high-yield pulp
- #1 Leading producer of FSC-certified pulp
- Dissolving pulps used in a variety of applications including textiles, pharmaceuticals, food additives, diapers and other disposable sanitary products
- Paper pulps used to produce high-quality paper products with specific brightness, bulk and strength characteristics
- Sales offices in Canada, France and China



Sales by Product

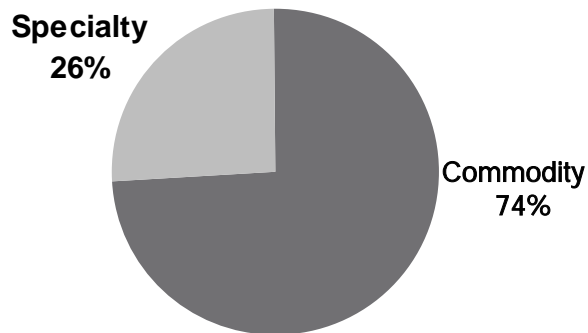


Dissolving Pulp

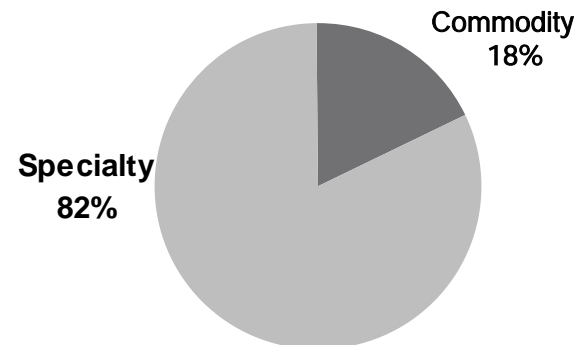
- Two main segments – commodity and specialty
- Market has grown by 1 million tonnes since 2008
- Growth has been primarily in commodity dissolving
- Tembec focus is on specialty dissolving pulp +80%
- Specialty dissolving market is smaller but demand and pricing is more stable



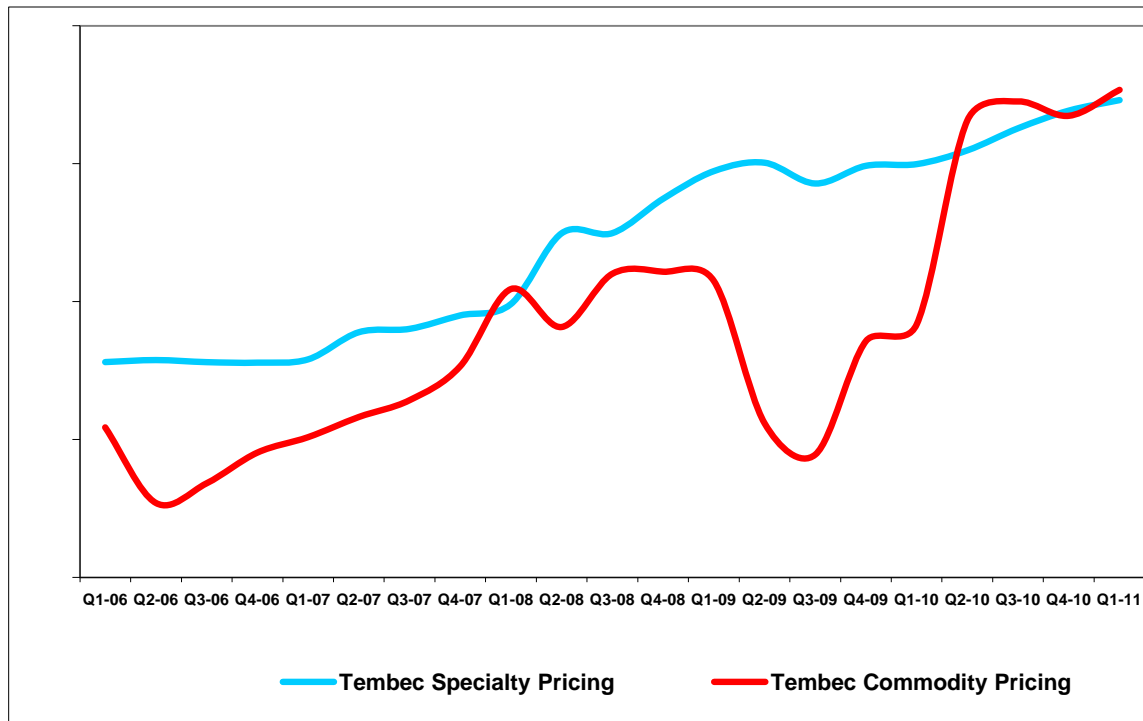
Global Market 2011 - 5.2M Tonnes



Tembec Market - 300K Tonnes



Dissolving Pulp - Pricing

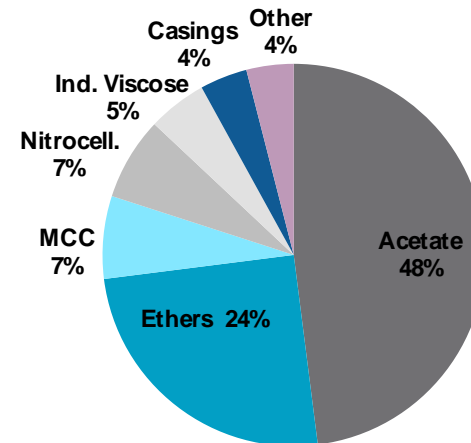


- Both markets follow similar trends – specialty has historically sold at a premium versus commodity
- Recession of 09 saw drop in commodity prices AND volume – specialty volume declined but not prices
- Tight supply in commodity pulp has driven spot prices to record highs – pushing up prices for specialty as well

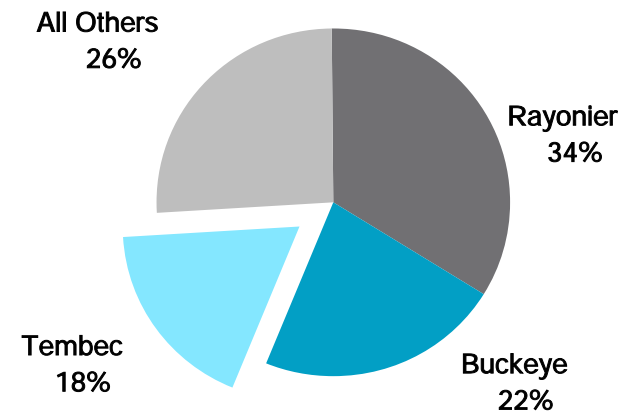
Specialty Dissolving Pulp

- A variety of end-use applications – filters, industrial products, coatings, pharmaceutical, food additives, etc.
- Total market of 1.4 million tonnes
- Annual growth rate of 2%-3%
- Tembec has 18% market share and is largest producer of ethers, nitrocellulose and MCC grades
- Supply is relatively concentrated – largest 3 producers have 74% of the market
- Significant barriers to entry – capital/technology

2011 Global Market - 1.4M Tonnes



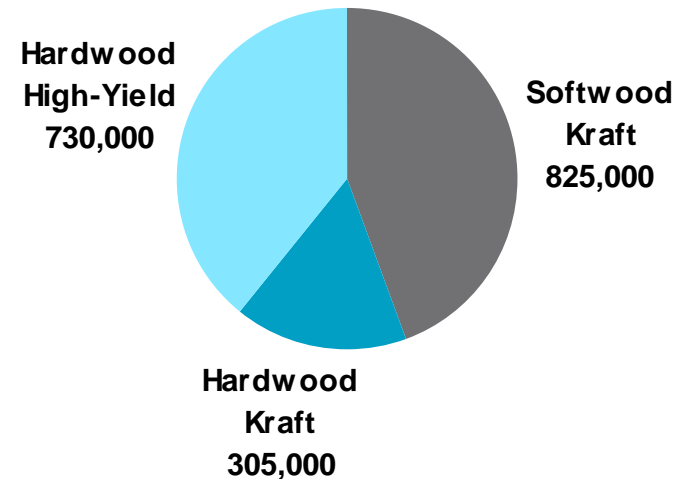
2011 Market Share



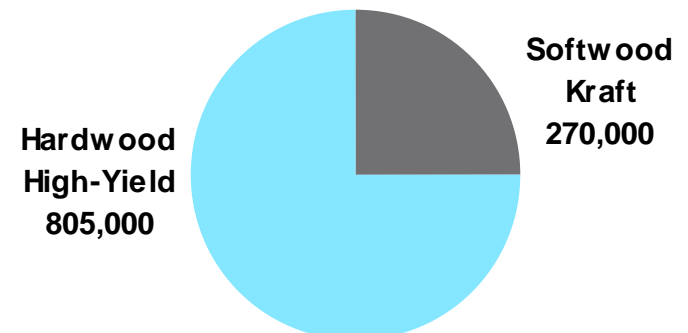
Paper Pulp

- Change of focus for Tembec – 2 kraft pulp facilities were sold and 2 were shutdown
- Softwood Kraft prices are at very good levels
- Hardwood pulp under more pressure – HY more so than Eucalyptus
- Good demand fundamentals

Tembec 2006 Capacity - 1,860,000 Tonnes



Tembec 2011 Capacity - 1,075,000 Tonnes



Pulp – Green Power

Completed/Approved		CAPEX	Startup	Annual EBITDA \$M
Skookumchuck BC NBSK Mill	25 - 30 MGW Biomass Cogen - New Contract	\$2M	Aug 2010	\$10M
Matane QC Hardwood High-Yield Mill	Methane Biogas Displace Fossil Fuel	\$25M/Net \$1M	June 2012	\$6M
Tartas France Specialty Pulp Mill	8 - 9 MGW Biomass Turbine - New Contract	\$21M	June 2012	\$8M
Under Study				
Temiscaming QC Dissolving Pulp Mill	35 - 40 MGW Waste Liquor Cogen - New Contract	\$160M - \$170M	TBD	\$35M - \$40M

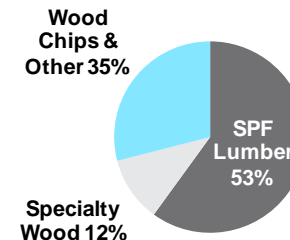
- Significant cost reduction potential
- Applying Green Transformation Credits to Matane Methane project
- Facilities well positioned – 1st/2nd quartile on the cost curve
- Temiscaming project has minimum 2-3 year time horizon

Forest Products

- Produces 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, hardwood flooring and wood chips
- Highly diversified customer base
- 98% of FY2010 sales were in North America
- Largest producer of FSC-certified wood products



LTM Sales by Product



Total Sales: \$452M

Forest Products

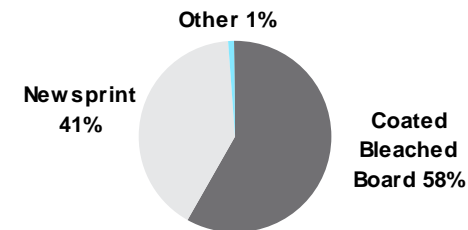
- US housing market went sideways in 2010
- Forecasting a slow, gradual recovery in US housing starts over the next 2 to 3 years
- Chinese demand for Canadian lumber reached 2.5 billion board feet in calendar 2010
- Some are forecasting 4 billion board feet of shipments to China in 2012
- North American lumber supply/demand is currently in relative balance and prices are higher year over year

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
- North America accounted for 95% of sales in FY2010, with the U.S. representing 74% of sales
- Largest North American producer of FSC-certified paper products



LTM Sales by Product



Total Sales: \$356M

Paper

- Coated bleached board supply/demand is very tight
- Prices for coated bleached board increased in 2010
- A tight market for board is expected for at least the first half of calendar 2011
- Decline in North American newsprint demand decelerated in 2010
- Global demand for newsprint is increasing again, albeit at a low rate of growth
- North American demand balance tied to capacity closures and exports
- Prices rose in 2010 and an average cost newsprint mill is currently around breakeven EBITDA

The Tembec logo consists of 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 features a stack of white papers or documents, slightly blurred, creating a sense of depth and focus on the logo.

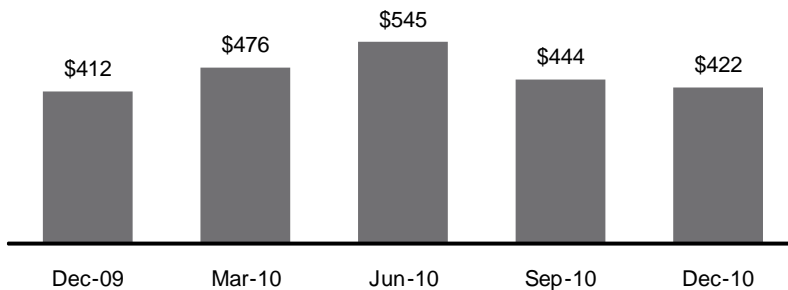
Tembec

Financial Highlights

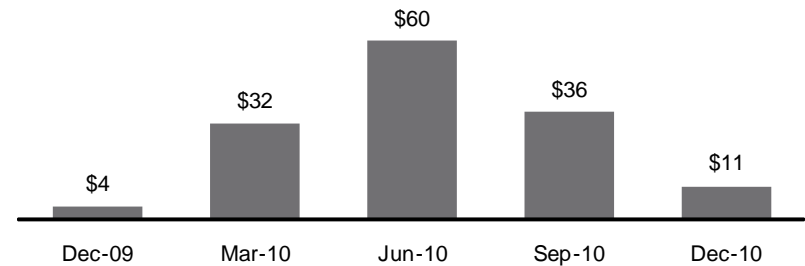
Financials Results

- Significant improvement over FY2009 driven by better pulp results
- High maintenance expenses impacted Sep 10 & Dec 10 quarterly results
- Refinanced US\$300M term loan with US\$ 255M Senior Secured Notes maturing December 2018
- New \$200M ABL maturing in 2016

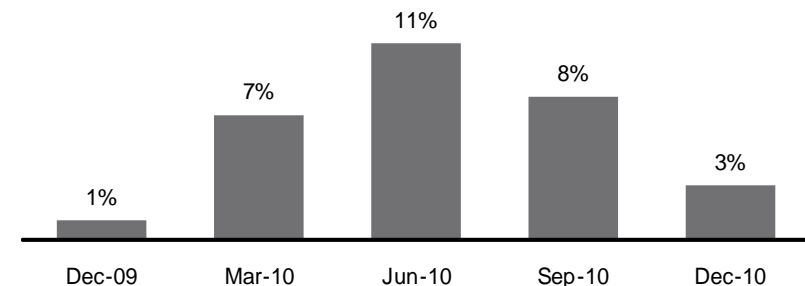
Consolidated Sales - \$ Millions



EBITDA - \$ Millions



EBITDA Margins - %



CAPEX Forecast

- Tartas turbine to be completed mid 2012 – total cost of \$21M
- Matane biogas project funded from Green Transformation Credits – completion in mid 2012 – total gross cost of \$26M – net cost of \$1M
- Remaining CAPEX of \$41M heavily weighted to the 2 specialty dissolving pulp mills
- Will lead to increased productivity in FY2011 – targeting +20,000 tonnes of dissolving pulp and +30,000 tonnes of paper pulp versus FY2010

CAPEX Spending - \$ Millions

	FY2011 Forecast
Tartas Biomass Turbine	\$13
Matane Biogas Project (Gross = \$15M)	\$1
Specialty Dissolving Pulp Projects	\$20
Paper Pulp, Paper and Forest Products	\$25
TOTAL	\$59

Tax Sheltering

- Maintained tax shelter values despite recapitalization of 2008 – “New” Tembec can utilize tax losses generated by “Old” Tembec
- Hidden asset – only \$27M related to French operations currently on balance sheet
- Can shelter \$2.3B in taxable income or the equivalent of \$600M in taxes payable

Tax Attributes - \$ Millions

	Expiry	Amount
Loss Carryforwards - Canada	2014-2030	\$995
R & D Deductible Pool - Canada	Unlimited	\$364
Tax Value of Fixed Assets - Canada/France	Unlimited	\$604
Loss Carryforwards - France	Unlimited	\$66
Loss Carryforwards - US	2028-2030	\$19

Questions