

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
RICHMOND DIVISION


In re: Bear Island Paper Company, L.L.C.
Case No. 10-31202 (DOT)

MONTHLY OPERATING REPORT

NOVEMBER 1, 2010 THROUGH NOVEMBER 30, 2010

Required Documents	Form No.	Documents Attached	Explanation Attached	Affidavit/Supplement Attached
Balance Sheet	MOR-1	X		
Income Statement	MOR-2	X		
Cash Receipts and Disbursements	MOR-3	X		
Accounts Receivable Aging	MOR-4a	X		
Aging of Postpetition Payables	MOR-4b	X	X	
Status of Postpetition Taxes - See note below.	MOR-4c		X	
Bank Reconciliations	MOR-5a	X	X	
Investment Accounts	MOR-5b		X	
Cash	MOR-5c	X		
Insider Payments	MOR-6a		X	
Restructuring Professional Payments	MOR-6b	X	X	
Postpetition Status of Leases Payable	MOR-6c	X		
Adequate Protection Payments	MOR-6d		X	
Debtor Questionnaire	MOR-7a	X		X
Insurance	MOR-7b	X		

IN ACCORDANCE WITH TITLE 28, SECTION 1746, OF THE UNITED STATES CODE, I DECLARE UNDER PENALTY OF PERJURY THAT I HAVE EXAMINED THE FOLLOWING MONTHLY OPERATING REPORT (MOR-1 THROUGH MOR-7) AND THE ACCOMPANYING ATTACHMENTS AND, TO THE BEST OF MY KNOWLEDGE, THESE DOCUMENTS ARE TRUE, CORRECT AND COMPLETE. DECLARATION OF THE PREPARER (OTHER THAN RESPONSIBLE PARTY) IS BASED ON ALL INFORMATION OF WHICH PREPARER HAS ANY KNOWLEDGE.

RESPONSIBLE PARTY:



ORIGINAL SIGNATURE OF RESPONSIBLE PARTY
Edward D. Sherrick

PRINTED NAME OF RESPONSIBLE PARTY

Senior Vice-President

TITLE
December 30, 2010

DATE

PREPARER:


ORIGINAL SIGNATURE OF PREPARER
Eric A. Goebel

PRINTED NAME OF PREPARER

Manager, Cash/Treasury

TITLE
December 30, 2010

DATE

In re: Bear Island Paper Company, L.L.C.
Debtor

Case No. 10-31202 (DOT)
Reporting Period: November 1, 2010 - November 30, 2010

BALANCE SHEET (MOR-1)
NOVEMBER 30, 2010
(IN USD)

ASSETS

CURRENT ASSETS :

Cash		\$	9,357,298
Accounts Receivable - Trade			11,840,886
Accounts Receivable - Other			320,865
Due from White Birch Paper Company			2,735,503
Inventory:			
Raw Materials & Stores	\$ 11,038,802		
Finished Goods	3,598,240		14,637,042
Timberdeeds			63,541
Deposits, Prepaid Expenses and Other			2,337,703
Total Current Assets			<u>41,292,838</u>

FIXED ASSETS:

Machinery & Equipment	\$	252,336,983	
Timberlands		1,067,654	
		<u>253,404,637</u>	
Less - Accumulated Depreciation and Depletion		(151,511,066)	<u>101,893,571</u>
Total Assets			<u>\$ 143,186,409</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:

Accounts Payable and Accrued Liabilities		\$	11,492,801
Accrued Service Charge			80,515
Current Portion Capitalized Leases			21,886
Total Current Liabilities			<u>11,595,202</u>

LIABILITIES SUBJECT TO COMPROMISE:

Intercompany F.F. Soucy L.P.	5,738		
Intercompany Brant Industries, Inc	59,822		
Accounts Payable	8,167,123		
Intercompany White Birch Paper Company	135,854,779		144,087,462
Total Liabilities			155,682,664

STOCKHOLDERS' EQUITY

Contributed Capital			97,371,253
Retained Earnings (Deficit)			(109,867,508)
Total Stockholders' Equity			<u>(12,496,255)</u>
Total Liabilities and Stockholders' Equity			<u>\$ 143,186,409</u>

In re: Bear Island Paper Company, L.L.C.
Debtor

Case No. 10-31202 (DOT)
Reporting Period: November 1, 2010 - November 30, 2010

INCOME STATEMENT (MOR-2)
MONTH OF NOVEMBER
(IN USD)

	<u>2010</u>	<u>2009</u>
	<u>MONTH OF</u> <u>NOVEMBER</u>	<u>MONTH OF</u> <u>NOVEMBER</u>
SALES		
Gross	\$ 12,047,045	\$ 8,176,744
Freight	(867,830)	(764,905)
Net Sales	<u>11,179,215</u>	<u>7,411,839</u>
COST OF GOODS SOLD	<u>(9,579,211)</u>	<u>(8,443,895)</u>
Gross Profit (Loss)	1,600,004	(1,032,056)
GENERAL AND ADMINISTRATIVE EXPENSE		
Sales Commission	(361,411)	(245,302)
Other	(562,420)	(2,518)
Operating Profit (Loss)	<u>676,173</u>	<u>(1,279,876)</u>
OTHER INCOME (EXPENSE)		
Interest Income	0	128
Interest Expense	0	(36,652)
Other Income	0	0
Net Income (Loss)	<u>676,173</u>	<u>(1,316,400)</u>
DEFICIT BEGINNING OF PERIOD	(110,543,681)	(87,530,490)
PRIOR PERIOD ADJUSTMENT	0	0
DISTRIBUTION DURING THE PERIOD	<u>0</u>	<u>0</u>
DEFICIT END OF PERIOD	<u>\$ (109,867,508)</u>	<u>\$ (88,846,890)</u>

In re: Bear Island Paper Company, L.L.C.
Debtor

Case No. 10-31202 (DOT)
Reporting Period: November 1, 2010 - November 30, 2010

CASH RECEIPTS AND DISBURSEMENTS (MOR-3)
NOVEMBER 1, 2010 THROUGH NOVEMBER 30, 2010
BOOK BALANCE (IN USD)

	CURRENT PERIOD 10/1/2010 - 10/31/2010	CUMULATIVE FILING TO DATE
BEGINNING CASH		
1. CASH - BEGINNING OF PERIOD	\$ 7,841,706	\$ 4,106,521
RECEIVABLES FROM WHITE BIRCH		
2. CASH RECEIVABLES	\$ 462,174	\$ 2,091,598
COLLECTION OF ACCOUNTS RECEIVABLE		
3. PREPETITION	\$ -	\$ 12,458,973
4. POSTPETITION	\$ 14,373,329	\$ 91,394,342
5. TOTAL OPERATING RECEIPTS	\$ 14,373,329	\$ 103,853,315
NON - OPERATING RECEIPTS		
6. LOANS & ADVANCES (ATTACH LIST)	\$ -	\$ -
7. SALE OF ASSETS	\$ -	\$ -
8. OTHER (ATTACH LIST)	\$ -	\$ -
9. TOTAL NON-OPERATING RECEIPTS	\$ -	\$ -
10. TOTAL RECEIPTS	\$ 14,835,503	\$ 105,944,913
11. TOTAL CASH AVAILABLE	\$ 22,677,209	\$ 110,051,434
OPERATING DISBURSEMENTS		
12. PAYROLL RELATED	\$ 1,297,223	\$ 12,722,853
13. CHEMICALS	\$ 870,569	\$ 7,757,050
14. CLOTHING, WIRES AND FELTS	\$ 98,205	\$ 1,954,528
15. SERVICES	\$ 458,187	\$ 3,480,821
16. EMPLOYEE RELATED	\$ 18,431	\$ 124,665
17. EQUIPMENT	\$ 345,743	\$ 4,331,107
18. FREIGHT	\$ 917,796	\$ 9,433,993
19. INVENTORY	\$ 400,103	\$ 4,186,955
20. LEASES	\$ 16,985	\$ 224,684
21. MISCELLANEOUS	\$ 495	\$ 146,677
22. OFFICE SUPPLIES AND INSURANCE	\$ 209,972	\$ 2,034,508
23. OPERATING SUPPLIES	\$ 8,563	\$ 250,822
24. RECYCLED FIBER	\$ 874,306	\$ 9,149,995
25. WOOD FIBER	\$ 1,485,729	\$ 11,325,903
24. UTILITIES	\$ 2,616,071	\$ 23,226,811
25. TAXES	\$ 21,879	\$ 184,971
25. CORPORATE DISBURSEMENTS - MGMT FEE	\$ 384,610	\$ 3,054,880
26. TOTAL OPERATING DISBURSEMENTS	\$ 10,024,867	\$ 93,591,223
REORGANIZATION EXPENSES		
27. PROFESSIONAL FEES	\$ 559,541	\$ 4,294,410
28. U.S. TRUSTEE FEES	\$ -	\$ 73,000
29. OTHER (ATTACH LIST)	\$ -	\$ -
30. TOTAL REORGANIZATION EXPENSES	\$ 559,541	\$ 4,367,410
31. TOTAL DISBURSEMENTS	\$ 10,584,408	\$ 97,958,633
CASH HELD BY WHITE BIRCH PAPER		
32. CASH RECEIVABLE FROM WHITE BIRCH	\$ 2,735,503	\$ 2,735,503
ENDING CASH		
33. CASH - END OF MONTH	\$ 9,357,298	\$ 9,357,298

In re: Bear Island Paper Company, L.L.C.
Debtor

Case No. 10-31202 (DOT)
Reporting Period: November 1, 2010 - November 30, 2010

ACCOUNTS RECEIVABLE, ACCOUNTS PAYABLE AND TAXES (MOR 4)
AS OF NOVEMBER 30, 2010
(IN USD)

ACCOUNTS RECEIVABLE AGING (MOR-4a)	
AGING PERIOD	AMOUNT
1. 0-30	\$11,564,667
2. 31-60	\$1,020,539
3. 61-90	\$253,918
4. 91+	\$1,272,350
5. TOTAL ACCOUNTS RECEIVABLE	\$14,111,474
6. AMOUNT CONSIDERED UNCOLLECTIBLE	\$1,949,722
7. ACCOUNTS RECEIVABLE (NET)	\$12,161,751

AGING OF POSTPETITION PAYABLES (MOR-4b)					
PAYABLE	0-30 DAYS	31-60 DAYS	61-90 DAYS	91+ DAYS ⁽¹⁾	TOTAL
1. ACCOUNTS PAYABLE	\$1,735,257	\$10,106	\$0	\$556	\$1,745,919

NOTE 1: During November 2010, Bear Island Paper Company, L.L.C. ("Bear Island") received a vendor invoice in the amount of \$556 related to goods and services that the Debtor purchased in August 2010. The Debtor has since satisfied this invoice.

STATUS OF POSTPETITION TAXES (MOR-4c)				
	BEGINNING TAX LIABILITY	AMOUNT WITHHELD AND/OR ACCRUED	AMOUNT PAID	TOTAL
FEDERAL	See Note 2 Below			
1. WITHHOLDING				
2. FICA-EMPLOYEE				
3. FICA-EMPLOYER				
4. UNEMPLOYMENT				
5. INCOME				
6. OTHER (ATTACH LIST)				
7. TOTAL FEDERAL TAXES				
STATE AND LOCAL				
8. WITHHOLDING				
9. SALES				
10. EXCISE				
11. UNEMPLOYMENT				
12. REAL PROPERTY				
13. PERSONAL PROPERTY				
14. OTHER (ATTACH LIST)				
15. TOTAL STATE & LOCAL				
16. TOTAL TAXES				

NOTE 2: Bear Island believes that it is current on all tax obligations as of November 30, 2010.

In re: Bear Island Paper Company, L.L.C.
Debtor

Case No. 10-31202 (DOT)
Reporting Period: November 1, 2010 - November 30, 2010

BANK RECONCILIATIONS, INVESTMENT ACCOUNTS AND CASH (MOR-5)
AS OF NOVEMBER 30, 2010
(IN USD)

The debtor in possession must complete the reconciliation below for each bank account, including all general, payroll and tax accounts, as well as all savings and investment, accounts, money market accounts, certificates of deposit, government obligations, etc. Accounts with restricted funds should be identified by placing an asterisk next to the account number. Attach additional sheets if necessary.

BANK RECONCILIATIONS (MOR-5a)							
	ACCOUNT #1	ACCOUNT #2	ACCOUNT #3	ACCOUNT #4	ACCOUNT #5	ACCOUNT #6	TOTAL
A. BANK:	HSBC Bank USA, NA ⁽¹⁾	HSBC Bank USA, NA	HSBC Bank USA, NA	SunTrust Bank ⁽¹⁾⁽²⁾	SunTrust Bank ⁽²⁾	SunTrust Bank ⁽²⁾	
B. ACCOUNT NUMBER:	XXX-XX011-7	XXX-XX064-8	XXX-XX063-0	XXXXX0374	XXXXX4341	XXXXX0404	
C. PURPOSE (TYPE):	Collection Acct. (USD)	Payables Disb. (USD)	Payroll Disb. (USD)	Collection Acct. (USD)	Payables Disb. (USD)	Payroll Disb. (USD)	
1. BALANCE PER BANK STATEMENT	\$ -	\$ 9,518,404	\$ -	\$ -	\$ -	\$ -	\$ 9,518,404
2. ADD: TOTAL DEPOSITS NOT CREDITED	\$ -	\$ -	\$ (226,973)	\$ -	\$ -	\$ -	\$ (226,973)
3. SUBTRACT: OUTSTANDING CHECKS	\$ -	\$ (368,645)	\$ (2,396)	\$ -	\$ -	\$ -	\$ (371,041)
4. OTHER RECONCILING ITEMS	\$ -	\$ 207,539	\$ 229,369	\$ -	\$ -	\$ -	\$ 436,908
5. MONTH END BALANCE PER BOOKS	\$ -	\$ 9,357,298	\$ -	\$ -	\$ -	\$ -	\$ 9,357,298
6. NUMBER OF LAST CHECK WRITTEN	N/A	16168	N/A	N/A	N/A	N/A	

NOTE 1: Amounts for HSBC account XXX-XX011-7 are aggregated with HSBC account XXX-XX064-8. Amounts for SunTrust account XXXXX0374 are aggregated with SunTrust account XXXXX4341.
NOTE 2: All SunTrust accounts are in the process of being closed.

INVESTMENT ACCOUNTS (MOR-5b)							
BANK, ACCOUNT NAME & NUMBER	DATE OF PURCHASE	TYPE OF INSTRUMENT	PURCHASE PRICE	DATE OF PURCHASE	TYPE OF INSTRUMENT	PURCHASE PRICE	CURRENT VALUE
7. NONE							
8.							
9.							
10.							
11. TOTAL INVESTMENTS							

CASH (MOR-5c)	
12. CURRENCY ON HAND	\$ 700
13. TOTAL CASH - END OF MONTH (BOOK BALANCE)	\$ 9,357,998

In re: Bear Island Paper Company, L.L.C.
Debtor

Case No. 10-31202 (DOT)
Reporting Period: November 1, 2010 - November 30, 2010

**PAYMENTS TO INSIDERS, RESTRUCTURING PROFESSIONALS, POSTPETITION STATUS OF
LEASES PAYABLE AND ADEQUATE PROTECTION PAYMENTS (MOR 6)
NOVEMBER 1, 2010 THROUGH NOVEMBER 30, 2010 (IN USD)**

OF THE TOTAL DISBURSEMENTS SHOWN FOR THE MONTH, LIST THE AMOUNT PAID TO INSIDERS (AS DEFINED IN SECTION 101 (31) (A)-(F) OF THE U.S. BANKRUPTCY CODE) AND TO PROFESSIONALS. ALSO, FOR PAYMENTS TO INSIDERS, IDENTIFY THE TYPE OF COMPENSATION PAID (e.g. SALARY, BONUS, COMMISSIONS, INSURANCE, HOUSING ALLOWANCE, TRAVEL, CAR ALLOWANCE, ETC.). ATTACH ADDITIONAL SHEETS IF NECESSARY.

INSIDERS (MOR-6a)			
NAME	TYPE OF PAYMENT	AMOUNT	TOTAL PAID TO DATE
1. None			
2.			
3.			
4.			
5.			
6. TOTAL PAYMENTS TO INSIDERS			

RESTRUCTURING PROFESSIONALS (MOR-6b) ⁽¹⁾					
NAME	INVOICE DATE	INVOICE NUMBER	PAYMENT DATE	AMOUNT PAID	PERIOD COVERED
1. AlixPartners LLP/Bear Island	10/6/2010	2027875	11/9/2010	\$80,025	9/1/2010 through 9/30/2010
2. Cahill Gordon Reindel	10/22/2010	September, 2010	11/18/2010	\$29,594	8/12/2010 through 9/30/2010
3. FTI Consulting	11/1/2010	September, 2010	11/23/2010	\$42,544	9/1/2010 through 9/30/2010
4. Kirkland & Ellis/Bear Island	9/15/2010	2nd Interim Fee	11/8/2010	\$94,913	5/1/2010 through 7/31/2010
5. Kirkland & Ellis/Bear Island	10/27/2010	September, 2010	11/24/2010	\$263,756	9/1/2010 through 9/30/2010
6. Kirkland & Ellis/White Birch	10/27/2010	September, 2010	11/10/2010	\$20,005	9/1/2010 through 9/30/2010
7. Kirkland & Ellis/White Birch	11/9/2010	October, 2010	11/16/2010	\$43,773	10/1/2010 through 10/31/2010
8. Lazard Freres Co	11/8/2010	November, 2010	11/23/2010	\$124,417	11/1/2010 through 11/30/2010
9. Rothschild	10/13/2010	1010 NAA WHB2	11/10/2010	\$63,016	10/1/2010 through 10/13/2010
10. Spotts Fain	10/15/2010	140122	11/10/2010	\$5,383	9/1/2010 through 9/30/2010
11. Tavenner Beran	10/6/2010	October, 2010	11/30/2010	\$10,011	6/9/2010 through 7/9/2010
12. Troutman Sanders/Bear Island	10/8/2010	1307333	11/9/2010	\$38,697	9/1/2010 through 9/30/2010
13. Troutman Sanders/White Birch	11/2/2010	1312615	11/4/2010	\$748	10/1/2010 through 10/31/2010
14. TOTAL PROFESSIONAL FEES				\$816,882	

NOTE 1: White Birch Paper Company ("White Birch") remits most, but not all, payments in exchange for services related to Bear Island's restructuring. Subsequently, White Birch may transfer charges allocated to Bear Island using intercompany transfers. However, due to the cross-border nature of White Birch's business and this Chapter 11 case, payments identified in response to MOR 6(b) concern amounts expended not only for Bear Island's restructuring, but also for certain of its affiliates. These payments are identified in the aggregate amount and Bear Island has made no attempt to apportion any amounts to the respective entities that incurred specific charges for restructuring services. This schedule excludes payments made by White Birch with respect to professional restructuring services provided solely to Canadian affiliates.

POSTPETITION STATUS OF LEASES PAYABLE (MOR-6c)			
NAME OF CREDITOR	SCHEDULED MONTHLY PAYMENTS DUE	AMOUNTS PAID DURING PERIOD	TOTAL UNPAID POSTPETITION
3. Toyota Financial Services	16	\$446	\$7,140
4. Wells Fargo Financial Leasing	7	\$1,404	\$9,828
5. Caterpillar Financial Services	15	\$2,822	\$42,331
6. Caterpillar Financial Services	11	\$2,851	\$31,368
7. General Electric Capital Corp.	7	\$5,088	\$35,616
8. NMHG Financial Services (VBS)	16	\$0	\$55,840
9. Ford Motor Credit (Post petition)	32	\$466	\$14,892
10. VBS (post petition)	31	\$3,908	\$106,748
11. Pitney Bowes	0	\$0	\$0
12. TOTAL		\$16,985	\$303,763

ADEQUATE PROTECTION PAYMENTS (MOR-6d)				
NAME OF CREDITOR	CHECK NUMBER	CHECK DATE	DEPOSIT TYPE	CHECK AMOUNT
1. None				
2.				
3.				
4. TOTAL				

In re: Bear Island Paper Company, L.L.C.
Debtor

Case No. 10-31202 (DOT)
Reporting Period: November 1, 2010 - November 30, 2010

QUESTIONNAIRE, INSURANCE AND INSTALLMENT PAYMENTS (MOR-7)

QUESTIONNAIRE (MOR-7a)		
	YES	NO
1. HAVE ANY ASSETS BEEN SOLD OR TRANSFERRED OUTSIDE THE NORMAL COURSE OF BUSINESS THIS REPORTING PERIOD?		X
2. HAVE ANY FUNDS BEEN DISBURSED FROM ANY ACCOUNT OTHER THAN A DEBTOR IN POSSESSION ACCOUNT?	X	
3. ARE ANY POSTPETITION RECEIVABLES (ACCOUNTS, NOTES, OR LOANS) DUE FROM RELATED PARTIES?	X	
4. HAVE ANY PAYMENTS BEEN MADE ON PREPETITION LIABILITIES THIS REPORTING PERIOD?		X
5. HAVE ANY POSTPETITION LOANS BEEN RECEIVED BY THE DEBTOR FROM ANY PARTY?	X	
6. ARE ANY POSTPETITION PAYROLL TAXES PAST DUE?		X
7. ARE ANY POSTPETITION STATE OR FEDERAL INCOME TAXES PAST DUE?		X
8. ARE ANY POSTPETITION REAL ESTATE TAXES PAST DUE?		X
9. ARE ANY OTHER POSTPETITION TAXES PAST DUE?		X
10. ARE ANY AMOUNTS OWED TO POSTPETITION CREDITORS DELINQUENT?	X	
11. HAVE ANY PREPETITION TAXES BEEN PAID DURING THE REPORTING PERIOD?		X
12. ARE ANY WAGE PAYMENTS PAST DUE?		X

IF THE ANSWER TO ANY OF THE ABOVE QUESTIONS IS "YES," PROVIDE A DETAILED EXPLANATION OF EACH ITEM. ATTACH ADDITIONAL SHEETS IF NECESSARY.

INSURANCE (MOR-7b)		
	YES	NO
1. ARE WORKER'S COMPENSATION, GENERAL LIABILITY AND OTHER NECESSARY INSURANCE COVERAGES IN EFFECT?	X	
2. ARE ALL PREMIUM PAYMENTS PAID CURRENT?	X	
3. PLEASE ITEMIZE POLICIES BELOW.		

IF THE ANSWER TO ANY OF THE ABOVE QUESTIONS IS "NO," OR IF ANY POLICIES HAVE BEEN CANCELLED OR NOT RENEWED DURING THIS REPORTING PERIOD, PROVIDE AN EXPLANATION BELOW. ATTACH ADDITIONAL SHEETS IF NECESSARY.

INSURANCE POLICY ITEMIZATION (MOR-7b #3) (1)		
TYPE OF POLICY	POLICY NUMBER	CARRIER
Excess Fiduciary Liability	MNN587506	Axis Insurance Company
Property	1-72576-XG633	FM Global
Ocean Cargo	0025-89-08DTO	Chubb Group of Insurance Companies
Crime	10BDDAP1041	The Hartford
Pension and Welfare Benefit Plan Fiduciary Liability	14-MG-09-A9767	Houston Casualty Company
Directors, Officers and Organization Liability	14-MGU-09-A19390	U.S. Specialty Insurance Company
Excess Liability Insurance	TL2-621-093858-019	Liberty Mutual Insurance Company
Commercial Excess Liability Umbrella	YSM-CUP-7359N472-TIL-10	Travelers Property Casualty Company of America
Commercial General Liability and Employee Benefits	Y-660-77N4110-COF-10	The Charter Oak Fire Insurance Company
Commercial Automobile	Y-8107359N460-TIL-10	Travelers Property Casualty Company of America

NOTE 1: All insurance premiums are paid by White Birch and charged to Bear Island through intercompany transactions.

In re: Bear Island Paper Company, L.L.C.
Debtor

Case No. 10-31202 (DOT)
Reporting Period: November 1, 2010 - November 30, 2010

RESPONSE TO QUESTIONS 2, 3, 5 & 10 FROM MOR-7a

Question #2 - White Birch remits most, but not all, payments in exchange for services related to Bear Island's restructuring, as well as insurance coverage. Subsequently, White Birch transfers charges allocated to Bear Island utilizing intercompany transfers.

Question #3 - As part of the company's cash management system, White Birch receives customer receipts and deposits them into a White Birch owned lockbox. Then, when available, cash in an amount equal to the receivables owed to Bear Island is transferred from the White Birch lockbox to a Bear Island owned HSBC account. The cash receivable from White Birch to Bear Island on November 30, 2010 was \$2,735,503. For additional information regarding Bear Island's cash management system, please see *Motion of Bear Island Paper Company, L.L.C. for Entry of an Order Authorizing, but not Directing, the Debtor to: (A) Continue Using Its Existing Cash Management System, Bank Accounts and Business Forms; (B) Maintain Existing Investment Practices; and (C) Continue Performing Ordinary Course Intercompany Transactions* [Docket No. 8].

Question #5 - Although Bear Island is a borrower under the \$140,000,000 Senior Secured Super-Priority Debtor-In-Possession Term Loan Credit Agreement (the "DIP Facility"), all funds borrowed under the DIP Facility are held by White Birch and its Canadian affiliate F.F. Soucy Inc. & Partners L.P. No funds borrowed under the DIP Facility have been transferred to Bear Island.

Question #10 - During November 2010, Bear Island received a vendor invoice in the amount of \$556 related to goods and services that the Debtor purchased in August 2010. The Debtor has since satisfied this invoice.

RESPONSE TO QUESTIONS 4 & 11 FROM MOR-7a
PAYMENTS FOR PREPETITION LIABILITIES
NOVEMBER 1, 2010 THROUGH NOVEMBER 30, 2010 (IN USD)

PAYMENTS FOR PREPETITION LIABILITIES					
PAYMENT CATEGORY	DATE OF COURT ORDER AUTHORIZING PAYMENT	AMOUNT APPROVED	AMOUNT PAID	TOTAL PAID TO DATE	TOTAL INCURRED & UNPAID
1. COMMON CARRIER/LIEN	2/26/2010	\$1,900,000	\$0	\$969,832	\$115,404
2. TAXES	2/26/2010 AND 3/24/2010	\$250,000	\$0	\$49,443	\$132,463
3. WAGES & BENEFITS	2/26/2010 AND 3/24/2010	N/A	\$0	\$589,823	\$0
4. INSURANCE	2/26/2010 AND 3/24/2010	\$41,000 PER MONTH	\$0	\$103,219	\$103,219
5. TOTAL			\$0	\$1,712,317	\$351,086