UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELEWARE

In re: SP Newsprint Holdings LLC et al
Case No. 11-13649

MONTHLY OPERATING REPORT

JANUARY 1, 2012 THROUGH JANUARY 31, 2012

Required Documents	Form No.	Documents Attached	Explanation Attached	Affidavit/Supplement Attached
Schedule of Cash Receipts and Disbursements	MOR-1	x		
Bank Reconciliation (or copies of debtor's bank reconciliations	MOR-1a	x	See attestation	
Schedule of Professional Fees Paid	MOR-1b	x		
Copies of bank statements		N/A		
Copies of cash disbursements journals		N/A		
Statement of Operations	MOR-2	x		
Balance Sheet	MOR-3	x		
Status of Post-petition Taxes	MOR-4		See attestation	
Copies of IRS Form 6123 or payment receipt		N/A		
Copies of tax returns filed during reporting period		N/A		
Summary of Unpaid Post-petition Debts	MOR-4	x		
Listing of aged accounts payable	MOR-4	Not Required		
Accounts Receivable Reconciliation and Aging	MOR-5	x		
Debtor Questionnaire	MOR-5	x		

I DECLARE UNDER PENALTY OF PERJURY (28 U.S.C. SECTION 1746) THAT THIS REPORT AND THE ATTACHED DOCUMENTS ARE TRUE AND CORRECT IN ALL MATERIAL RESPECTS TO THE BEST OF MY KNOWLEDGE AND BELIEF.

RESPONSIBLE PARTY:

ORIGINAL SIGNATURE OF RESPONSIBLE PARTY

Senior Vice President and Chief Financial Officer
TITLE

Edward D. Sherrick
PRINTED NAME OF RESPONSIBLE PARTY

February 29, 2012
DATE

PREPARER:

ORIGINAL SIGNATURE OF PREPARER

Vice President of Finance and Treasurer
TITLE

Tim Butler
PRINTED NAME OF PREPARER

February 29, 2012
DATE

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Copies of cash disbursements journals		N/A		
Statement of Operations	MOR-2	x		
Balance Sheet	MOR-3	x		
Status of Post-petition Taxes	MOR-4		See attestation	
Copies of IRS Form 6123 or payment receipt		N/A		
Copies of tax returns filed during reporting period		N/A		
Summary of Unpaid Post-petition Debts	MOR-4	x		
Listing of aged accounts payable	MOR-4	Not Required		
Accounts Receivable Reconciliation and Aging	MOR-5	x		
Debtor Questionnaire	MOR-5	x		

I DECLARE UNDER PENALTY OF PERJURY (28 U.S.C. SECTION 1746) THAT THIS REPORT AND THE ATTACHED DOCUMENTS ARE TRUE AND CORRECT IN ALL MATERIAL RESPECTS TO THE BEST OF MY KNOWLEDGE AND BELIEF.

RESPONSIBLE PARTY:

ORIGINAL SIGNATURE OF RESPONSIBLE PARTY

Edward D. Sherrick
PRINTED NAME OF RESPONSIBLE PARTY

Senior Vice President and Chief Financial Officer
TITLE

February 29, 2012
DATE

PREPARER:

ORIGINAL SIGNATURE OF PREPARER

Tim Butler
PRINTED NAME OF PREPARER

Vice President of Finance and Treasurer
TITLE

February 29, 2012
DATE

CASH RECEIPTS AND DISBURSEMENTS (MOR-1)
JANUARY 1, 2012 THROUGH JANUARY 31, 2012

	CURRENT PERIOD 1/1/2012 - 1/31/2012	CUMULATIVE FILING TO DATE
SP NEWSPRINT CO., LLC		
RECEIPTS (2)	$ 40,801,162	$ 103,399,774
DISBURSEMENTS		
FIBER/RECYCLE MATERIAL	$ 5,380,883	$ 13,217,708
CHEMICALS	3,681,158	9,601,502
UTILITES	3,733,408	9,137,107
OTHER MATERIAL & SUPPLIES	2,140,381	3,958,634
PROPERTY TAXES & SALES TAXES	170,371	1,469,231
PAYROLL RELATED	5,122,442	9,630,279
PENSION & GROUP INSURANCE	652,134	1,532,765
FREIGHT	7,755,877	18,696,852
FUEL	1,600,180	3,275,924
MAINTENANCE	529,904	1,093,945
CAPITAL EXPENDITURES	-	168,631
EQUIPMENT LEASES	184,351	277,288
DISPOSAL SERVICES	315,516	550,849
LEASES	1,694	6,338
INSURANCE	273,263	635,267
LEGAL & PROFESSIONAL SERVICES	1,842,429	3,312,824
OTHER	2,400,169	4,505,421
MANAGEMENT FEE	715,881	1,425,011
TOTAL DISBURSEMENTS	$ 36,500,040	$ 82,495,577
SP RECYCLING CORPORATION		
RECEIPTS	$ 2,648,167	$ 6,468,891
DISBURSEMENTS		
FIBER/RECYCLE MATERIAL	$ 6,436,704	$ 14,578,042
UTILITES	105,996	196,275
OTHER MATERIAL & SUPPLIES	82,083	169,746
PROPERTY TAXES & SALES TAXES	22,282	211,409
PAYROLL RELATED	1,651,871	4,304,688
FREIGHT	341,096	694,831
FUEL	128,763	377,352
MAINTENANCE	224,845	536,436
EQUIPMENT LEASES	104,430	255,559
DISPOSAL SERVICES	132,434	205,391
LEASES	281,775	1,086,396
LEGAL & PROFESSIONAL SERVICES	15,425	15,425
OTHER	169,052	447,158
TOTAL DISBURSEMENTS	$ 9,696,755	$ 23,078,707
SP NEWSPRINT HOLDINGS LLC		
DISBURSEMENTS	$ 325	$ 325
SEP TECHNOLOGIES, L.L.C.		
DISBURSEMENTS	$ 325	$ 325

DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES		
SP NEWSPRINT CO, LLC		
TOTAL DISBURSEMENTS	$	36,500,040
LESS; TRANSFERS TO DEBTOR IN POSSESSION ACCOUNTS		-
PLUS; ESTATE DISBURSEMENTS MADE BY OUTSIDE SOURCES		-
DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES	$	36,500,040
SP RECYCLING CORPORATION		
TOTAL DISBURSEMENTS	$	9,696,755
LESS; TRANSFERS TO DEBTOR IN POSSESSION ACCOUNTS		-
PLUS; ESTATE DISBURSEMENTS MADE BY OUTSIDE SOURCES		-
DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES	$	9,696,755
SP NEWSPRINT HOLDINGS LLC		
TOTAL DISBURSEMENTS	$	325
LESS; TRANSFERS TO DEBTOR IN POSSESSION ACCOUNTS		-
PLUS; ESTATE DISBURSEMENTS MADE BY OUTSIDE SOURCES		-
DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES	$	325
SEP TECHNOLOGIES, L.L.C.		
TOTAL DISBURSEMENTS	$	325
LESS; TRANSFERS TO DEBTOR IN POSSESSION ACCOUNTS		-
PLUS; ESTATE DISBURSEMENTS MADE BY OUTSIDE SOURCES		-
DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES	$	325

(1) Certain amounts reflected under SP Newsprint Co., LLC relate to disbursements made for the benefit of SP Recycling Corporation.
(2) Amount listed excludes $8 million borrowed under the DIP Credit Agreement.
(3) SP Newsprint Holdings LLC and SEP Technologies, L.L.C. hold no assets and have no receipts and disbursements.

BANK RECONCILIATIONS, INVESTMENT ACCOUNTS AND CASH (MOR-1a)
AS OF JANUARY 31, 2012
(IN USD)

MONTH END BALANCES				
	BANK NAME	ACCOUNT NUMBER	ACCOUNT TYPE	ACCOUNT BALANCE
1.	Wells Fargo Bank, N.A.	2079900418501	Lockbox Account (1)	$ 4,852,156
2.	Wells Fargo Bank, N.A.	2079900410936	SPRC Operating Account (1)	(1,900,543)
3.	Wells Fargo Bank, N.A.	2079900410952	Old Payroll Account (1)	0
4.	Wells Fargo Bank, N.A.	2079900417609	Mill Operating Account (1)	(1,920,380)
5.	GECC	N/A	Agent Escrow Account (2)	19,704,736
6.	Wells Fargo Bank, N.A.	4124325267	DIP Financing Account	0
7	U.S. Bank, N.A.	153910724969	Utility Account (3)	2,542,487
8.	Citibank, N.A.	38233774	CIGNA Disbursement Account (4)	de minimis
9.	Petty Cash	N/A	Petty Cash	46,337
10.	TOTAL CASH - END OF MONTH (BOOK BALANCE)			$ 23,324,793

(1) Negative balances represent book balances before funding for outstanding checks. When outstanding checks are presented for payment, they will be funded from the Lockbox Account.

(2) The amounts in this account are held in escrow by the lender and can be disbursed to the company with one day notice to the lender.

(3) CIGNA processes short term disability payments using this account. SP Newsprint Co., LLC funds this account for these disbursements as necessary.

(4) SP Newsprint Holdings LLC and SEP Technologies, L.L.C. do not have bank accounts.

UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELEWARE

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JANUARY 1, 2012 THROUGH JANUARY 31, 2012

The above-captioned debtors hereby submit this attestation regarding bank account reconciliations in lieu of providing copies of bank statements and copies of all account reconciliations. I attest that each of the Debtors' bank accounts is reconciled to monthly bank statements. The Debtors' standard practice is to ensure that each bank account is reconciled to monthly bank statements for each calendar month 30 days after month end. Due to unavoidable delays in reclassifying specific checks that were outstanding as of November 15, 2011, the reconciliation between post petition cash balances and bank balances is not complete.

RESPONSIBLE PARTY:

ORIGINAL SIGNATURE OF RESPONSIBLE PARTY

Edward D. Sherrick — February 29, 2012
Senior Vice President and Chief Financial Officer

SCHEDULE OF PROFESSIONAL FEES PAID (MOR-1b)
JANUARY 1, 2012 THROUGH JANUARY 31, 2012

RESTRUCTURING PROFESSIONALS		
NAME	PAYMENT DATE	AMOUNT PAID
1. AlixPartners LLP	1/18/2012	$244,629
AlixPartners LLP	1/26/2012	296,982
Alvarez & Marsal LLC	1/4/2012	157,236
Kramer Levin Naftalis & Frankel LLP	1/13/2012	47,530
Kramer Levin Naftalis & Frankel LLP	1/18/2012	123,746
Latham & Watkins, LLP	1/18/2012	548,122
Richards, Layton & Finger, P.A.	1/20/2012	23,917
2. TOTAL PROFESSIONAL FEES (1)		$1,442,161

(1) Amounts listed herein are reflected in SG&A in the Debtors' income statement.
(2) Amounts listed herein exclude payments to ordinary course professionals.
(3) SP Newsprint Holdings LLC, SEP Technologies, L.L.C. and SP Recycling Corporation did not pay any fees to restructuring professionals during the current reporting period.

STATEMENT OF OPERATIONS (MOR-2)
MONTH OF JANUARY
(IN USD)

(1) See attached income statement.

BALANCE SHEET (MOR-3)
JANUARY 31, 2012
(IN USD)

(1) See attached balance sheet.

INTERCOMPANY RECONCILIATION (2)	
SP NEWSPRINT CO, LLC	
TOTAL INTERCOMPANY PAYABLE AT BEGINNING OF PERIOD	($8,081,765)
NET INTERCOMPANY ACTIVITY DURING PERIOD	(7,784,232)
TOTAL INTERCOMPANY PAYABLE/RECEIVABLE AT END OF PERIOD	($15,865,997)
SP RECYCLING CORPORATION	
TOTAL INTERCOMPANY RECEIVABLE AT BEGINNING OF PERIOD	$8,081,765
NET INTERCOMPANY ACTIVITY DURING PERIOD	7,784,232
TOTAL INTERCOMPANY PAYABLE/RECEIVABLE AT END OF PERIOD	$15,865,997

(2) Beginning balance represents the net balance reported on the December 31, 2011 trial balance. The ending balance represents the net balance listed on the January 31, 2012 trial balance.
(3) SP Newsprint Holdings LLC and SEP Technologies, L.L.C. have no intercompany activity.

STATUS OF POST-PETITION DEBTS (MOR-4)
AS OF JANUARY 31, 2012
(IN USD)

AGING OF POST-PETITION PAYABLES (1)					
PAYABLE	**0-30 DAYS**	**31-60 DAYS**	**61-90 DAYS**	**91+ DAYS**	**TOTAL**
SP NEWSPRINT CO, LLC					
1. ACCOUNTS PAYABLE	$18,100	23,308	0	0	$41,408
SP RECYCLING CORPORATION					
1. ACCOUNTS PAYABLE (2)	$99,300	7,476	0	0	$106,776

(1) The Debtors continue to reconcile pre-payments and wire transfers made during the current reporting period with final invoices submitted by suppliers. Accordingly, balances reported exlcude these amounts. Excluding balances subject to set off, the majority of amounts reported have been paid since the end of the reporting period.

(2) Amounts reported include approximately $79,000 in amounts that may be subject to set off.

(3) SP Newsprint Holdings LLC and SEP Technologies, L.L.C. do not have any outstanding post-petition debt.

UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELEWARE

In re: SP Newsprint Holdings LLC et al
Case No. 11-13649

MONTHLY OPERATING REPORT

JANUARY 1, 2012 THROUGH JANUARY 31, 2012

I hereby certify that all known taxes and estimated taxes due and owing for the period of January 1, 2012 to January 31, 2012 have been paid and all known state and federal tax returns for the period of January 1, 2012 to January 31, 2012 have been duly completed and submitted on behalf of the Debtors; or to the extent that any payments have not been made or tax returns have not been submitted an extension has been obtained from the appropriate state or federal agency.

RESPONSIBLE PARTY:

ORIGINAL SIGNATURE OF RESPONSIBLE PARTY

Edward D. Sherrick — February 29, 2012
Senior Vice President and Chief Financial Officer

ACCOUNTS RECEIVABLE AND TAXES RECONCILIATION AND AGING (MOR_5)
AS OF JANUARY 31, 2012
(IN USD)

ACCOUNTS RECEIVABLE RECONCILIATION	
SP NEWSPRINT CO, LLC	
1. TOTAL ACCOUNTS RECEIVEBLE AT BEGINNING OF PERIOD	$43,799,278
2. PLUS: AMOUNTS BILLED DURING THE PERIOD	41,811,595
3. LESS: AMOUNTS COLLECTED DURING THE PERIOD	40,597,563
4. TOTAL ACCOUNTS RECEIVEBLE AT END OF PERIOD (1)	$45,013,310
SP RECYCLING CORPORATION	
1. TOTAL ACCOUNTS RECEIVEBLE AT BEGINNING OF PERIOD	$7,543,533
2. PLUS: AMOUNTS BILLED DURING THE PERIOD	3,083,226
3. LESS: AMOUNTS COLLECTED DURING THE PERIOD	2,626,980
4. TOTAL ACCOUNTS RECEIVEBLE AT END OF PERIOD (1)	$7,999,778

ACCOUNTS RECEIVABLE AGING					
RECEIVABLE	**0-30 DAYS**	**31-60 DAYS**	**61-90 DAYS**	**91+ DAYS**	**TOTAL**
SP NEWSPRINT CO, LLC					
1. ACCOUNTS RECEIVABLE	$38,063,003	$3,201,183	$1,857,859	$1,891,265	$45,013,310
SP RECYCLING CORPORATION					
1. ACCOUNTS RECEIVABLE	$3,649,862	$1,029,135	$1,570,846	$1,749,935	$7,999,778

(1) Accounts receivable balances are derived from account activity prior to month end closing adjustments. Accounts receivable balances reported are net of credit balances and before reduction for allowance for doubtful accounts.
(2) SP Newsprint Holdings LLC and SEP Technologies, L.L.C. do not have any receivables.

DEBTOR QUESTIONNAIRE (MOR-5)

	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. IS THE DEBTOR DELINQUENT IN THE TIMELY FILING OF ANY POST-PETITION TAX RETURNS?		X
4. ARE WORKERS COMPENSATION, GENERAL LIABILITY OR OTHER NECESSARY INSURANCE COVERAGES EXPIRED OR CANCELLED, OR HAS THE DEBTOR RECEIVED NOTICE OF SAME?		X
5. IS THE DEBTOR DELINQUENT IN PAYING ANY INSURANCE PREMIUM PAYMENT?		X
6. HAVE ANY PAYMENTS BEEN MADE ON PREPETITION LIABILITIES THIS REPORTING PERIOD?	X	
7. ARE ANY POSTPETITION RECEIVABLES (ACCOUNTS, NOTES, OR LOANS) DUE FROM RELATED PARTIES?		X
8. ARE ANY POSTPETITION PAYROLL TAXES PAST DUE?		X
9. ARE ANY POSTPETITION STATE OR FEDERAL INCOME TAXES PAST DUE?		X
10. ARE ANY POSTPETITION REAL ESTATE TAXES PAST DUE?		X
11. ARE ANY OTHER POSTPETITION TAXES PAST DUE?		X
12. HAVE ANY PREPETITION TAXES BEEN PAID DURING THE REPORTING PERIOD?	X	
13. ARE ANY AMOUNTS OWED TO POSTPETITION CREDITORS DELINQUENT?		X (1)
14. ARE ANY WAGE PAYMENTS PAST DUE?		X
15. HAVE ANY POSTPETITION LOANS BEEN RECEIVED BY THE DEBTOR FROM ANY PARTY?	X	
16. IS THE DEBTOR DELINQUENT IN PAYING ANY U.S. TRUSTEE FEES?		X
17. IS THE DEBTOR DELINQUENT WITH ANY COURT ORDERED PAYMENTS TO ATTORNEYS OR OTHER PROFESSIONALS?		X
18. HAVE THE OWNERS OR SHAREHOLDERS RECEIVED ANY COMPENSATION OUTSIDE OF THE NORMAL COURSE OF BUSINESS?		X

(1) The Debtors continue to reconcile pre-payments and wire transfers made during the current reporting period with final invoices submitted by suppliers. Accordingly, balances reported exlcude these amounts. Excluding balances subject to set off, the majority of amounts reported have been paid since the end of the reporting period.

RESPONSE TO QUESTIONS 6, 12 AND 15
JANUARY 1, 2012 THROUGH JANUARY 31, 2012

QUESTION 6 &12: PAYMENTS FOR PREPETITION LIABILITIES				
PAYMENT CATEGORY	DATE OF COURT ORDER AUTHORIZING PAYMENT	AMOUNT APPROVED (1)	AMOUNT PAID	TOTAL PAID TO DATE
1. TAXES [ECF NO. 48]	November 17, 2011	$2,300,000	$225,296	$1,485,859
2. POTENTIAL LIENHOLDERS [ECF NO. 47]	November 17, 2011	10,000,000	18,451	3,499,995
3. CUSTOMER PROGRAMS [ECF NO. 46]	November 17, 2011	295,000	27,392	136,165
4. WAGES [ECF NOS. 51 AND 178]	November 17, 2011 & December 9, 2011	3,200,000	200,787	1,737,543
6. TOTAL			$471,926	$6,859,562

QUESTION 15: As of January 31, 2012, the Debtors have received $12 million of Debtor-In-Posession financing.

(1) Amounts shown apply to all Debtors, in aggregate.
(2) SP Newsprint Holdings LLC and SEP Technologies, L.L.C. do not have any prepetition liabilities.

FIN200
DATE: 1/31/12

SP NEWSPRINT CO. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET - JANUARY 31, 2012

ASSETS:		
CURRENT ASSETS:		
CASH AND SHORT TERM INVESTMENTS		23,324,793.79
ACCOUNTS RECEIVABLE-TRADE (NET OF ALLOWANCE FOR DOUBTFUL ACCOUNTS)	51,927,189.72	
OTHER RECEIVABLES	604,726.79	52,531,916.51
INVENTORIES:		
FINISHED GOODS	8,871,992.00	
OLD NEWSPAPERS	2,937,155.85	
OTHER FIBERS	510,112.87	
CHEMICALS	2,629,389.14	
COAL & FUEL OILS	1,027,454.06	
STOREROOM & MACHINE CLOTHING	20,089,615.04	
OTHER	1,193,695.01	37,259,413.97
OTHER CURRENT ASSETS		
PREPAID EXPENSES		6,936,638.07
TOTAL CURRENT ASSETS		120,052,762.34
PROPERTY, PLANT & EQUIPMENT:		
LAND	10,045,658.00	
LEASEHOLD IMPROVEMENTS	32,975.00	
LAND IMPROVEMENTS	1,330,017.00	
BUILDINGS	30,529,822.09	
MACHINERY & EQUIPMENT	295,146,326.54	
FURNITURE & FIXTURES	144,756.00	
AUTOS & TRUCKS		
WORK IN PROGRESS	274,336.87	
TOTAL PROPERTY, PLANT & EQUIPMENT	337,503,891.50	
LESS: ACCUMULATED DEPRECIATION	113,926,948.13-	
NET PROPERTY, PLANT & EQUIPMENT		223,576,943.37
OTHER ASSETS:		
INDUSTRIAL REVENUE BONDS		
NON-COMPETE CLAUSE (NET)		
OTHER DEFERRED CHARGES (NET)	3,062,188.00	3,062,188.00
TOTAL ASSETS		346,691,893.71
LIABILITIES AND PARTNERS' EQUITY		
CURRENT LIABILITIES:		
CURRENT PORTION LONG-TERM DEBT	12,000,000.00	
ACCOUNTS PAYABLE	5,986,317.35	
ACCRUED LIABILITIES	23,524,077.87	
LIABILITIES SUBJECT TO COMPROMISE	348,647,291.49	390,157,686.71
LONG TERM LIABILITIES:		
LONG TERM DEBT		
NON-CURRENT PENSION	19,962,055.88	
NON-CURRENT RETIREMENT BENEFITS	4,994,174.18	
OTHER	2,828,602.00	27,784,832.06
PARTNERS' EQUITY		
EQUITY REDUCTION	15,667,366.01-	
PARTNER'S EQUITY	155,652,464.61	
RETAINED EARNINGS	211,235,723.66-	71,250,625.06-
TOTAL LIABILITIES AND PARTNERS' EQUITY		346,691,893.71

FIN205
DATE: 1/31/12

SP NEWSPRINT CO. AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET - JANUARY 31, 2012

	SP NEWSPRINT DUBLIN	SP RECYCLING	NEWBERG	SEP TECHNOLOGY	CORPORATE	ELIMINATIONS	CONSOLIDATED
ASSETS:							
CURRENT ASSETS:							
CASH AND SHORT TERM INVESTMENTS	23,280,956.76	43,362.58	474.45	0.00	0.00	0.00	23,324,793.79
ACCOUNTS RECEIVABLE-TRADE (NET OF ALLOWANCE FOR DOUBTFUL ACCOUNTS)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	26,380,601.73	7,746,951.46	17,799,636.53	0.00	0.00	0.00	51,927,189.72
INTERCOMPANY RECEIVABLES	437,645,987.19	453,511,984.65	0.00	0.00	0.00	891,157,971.84-	0.00
OTHER RECEIVABLES	72,223.91	437,812.93	94,689.95	0.00	0.00	0.00	604,726.79
TOTAL ACCOUNTS RECEIVABLES	464,098,812.83	461,696,749.04	17,894,326.48	0.00	0.00	891,157,971.84-	52,531,916.51
INVENTORIES:							
FINISHED GOODS	6,656,102.00	0.00	2,215,890.00	0.00	0.00	0.00	8,871,992.00
OLD NEWSPAPERS	1,893,046.62	14,813.58	1,029,295.65	0.00	0.00	0.00	2,937,155.85
OTHER FIBERS	18,369.57	0.00	491,743.30	0.00	0.00	0.00	510,112.87
CHEMICALS	1,652,237.16	0.00	977,151.98	0.00	0.00	0.00	2,629,389.14
COAL & FUEL OILS	941,686.18	0.00	85,767.88	0.00	0.00	0.00	1,027,454.06
STOREROOM & MACHINE CLOTHING	12,872,602.68	0.00	7,217,012.36	0.00	0.00	0.00	20,089,615.04
OTHER	501,732.13	437,240.15	254,722.73	0.00	0.00	0.00	1,193,695.01
TOTAL INVENTORY	24,535,776.34	452,053.73	12,271,583.90	0.00	0.00	0.00	37,259,413.97
OTHER CURRENT ASSETS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
PREPAID EXPENSES	2,672,160.11	1,464,500.69	2,494,835.66	0.00	305,141.61	0.00	6,936,638.07
TOTAL CURRENT ASSETS	514,587,706.04	463,656,666.04	32,661,220.49	0.00	305,141.61	891,157,971.84-	120,052,762.34
PROPERTY, PLANT & EQUIPMENT:							
LAND	1,890,651.00	340,317.00	7,814,690.00	0.00	0.00	0.00	10,045,658.00
LEASEHOLD IMPROVEMENTS	31,136.00	1,839.00	0.00	0.00	0.00	0.00	32,975.00
LAND IMPROVEMENTS	1,223,453.00	28,089.00	78,475.00	0.00	0.00	0.00	1,330,017.00
BUILDINGS	20,396,807.00	230,496.00	9,902,519.09	0.00	0.00	0.00	30,529,822.09
MACHINERY & EQUIPMENT	135,931,977.60	11,418,254.90	147,796,094.04	0.00	0.00	0.00	295,146,326.54
FURNITURE & FIXTURES	144,756.00	0.00	0.00	0.00	0.00	0.00	144,756.00
AUTOS & TRUCKS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
WORK IN PROGRESS	274,336.87	0.00	0.00	0.00	0.00	0.00	274,336.87
TOTAL PROPERTY, PLANT & EQUIPMENT	159,893,117.47	12,018,995.90	165,591,778.13	0.00	0.00	0.00	337,503,891.50
LESS: ACCUMULATED DEPRECIATION	55,926,833.66-	2,978,563.02-	55,021,551.45-	0.00	0.00	0.00	113,926,948.13-
NET PROPERTY, PLANT & EQUIPMENT	103,966,283.81	9,040,432.88	110,570,226.68	0.00	0.00	0.00	223,576,943.37
OTHER ASSETS:							
INVESTMENT IN SUBSIDIARY	2,516,400.00	0.00	0.00	0.00	0.00	2,516,400.00-	0.00
NON-COMPETE CLAUSE (NET)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
OTHER DEFERRED CHARGES (NET)	3,062,188.00	0.00	0.00	0.00	0.00	0.00	3,062,188.00
INTERCOMPANY RECEIVABLES	0.00	0.00	0.00	0.00	0.00	0.00	0.00
INDUSTRIAL REVENUE BONDS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL OTHER ASSETS	5,578,588.00	0.00	0.00	0.00	0.00	2,516,400.00-	3,062,188.00
TOTAL ASSETS	624,132,577.85	472,697,098.92	143,231,447.17	0.00	305,141.61	893,674,371.84-	346,691,893.71

FIN205
DATE: 1/31/12

SP NEWSPRINT CO. AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET - JANUARY 31, 2012

LIABILITIES AND PARTNERS' EQUITY	SP NEWSPRINT DUBLIN	SP RECYCLING	NEWBERG	SEP TECHNOLOGY	CORPORATE	ELIMINATIONS	CONSOLIDATED
CURRENT LIABILITIES:							
CURRENT PORTION LONG-TERM DEBT	12,000,000.00	0.00	0.00	0.00	0.00	0.00	12,000,000.00
ACCOUNTS PAYABLE:							
TRADE	1,698,161.83	7,410,001.38	2,678,331.33	0.00	0.00	0.00	11,786,494.54
INTERCOMPANY	0.00	437,645,987.19	285,716,937.07	0.00	167,795,047.58	891,157,971.84-	0.00
OTHER	1,245,488.19	7,045,665.38-	0.00	0.00	0.00	0.00	5,800,177.19-
ACCRUED LIABILITIES	15,571,858.78	3,013,671.04	4,938,548.05	0.00	0.00	0.00	23,524,077.87
LIABILITIES SUBJECT TO COMPROMISE	300,226,318.05	24,268,760.27	23,966,994.67	0.00	185,218.50	0.00	348,647,291.49
TOTAL CURRENT LIABILITIES	330,741,826.85	465,292,754.50	317,300,811.12	0.00	167,980,266.08	891,157,971.84-	390,157,686.71
LONG TERM LIABILITIES:							
LONG TERM DEBT	0.00	0.00	0.00	0.00	0.00	0.00	0.00
INTERCOMPANY PAYABLES	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NON-CURRENT PENSION	7,419,174.00	2,724,611.88	9,818,270.00	0.00	0.00	0.00	19,962,055.88
NON-CURRENT RETIREMENT BENEFITS	4,380,963.24	669,925.85	56,714.91-	0.00	0.00	0.00	4,994,174.18
OTHER	2,828,602.00	0.00	0.00	0.00	0.00	0.00	2,828,602.00
TOTAL LONG TERM LIABILITIES	14,628,739.24	3,394,537.73	9,761,555.09	0.00	0.00	0.00	27,784,832.06
PARTNERS' EQUITY							
EQUITY REDUCTION	13,663,135.12-	90,061.82-	1,914,169.07-	0.00	0.00	0.00	15,667,366.01-
PARTNER'S EQUITY	155,652,464.61	0.00	0.00	0.00	0.00	0.00	155,652,464.61
COMMON STOCK	0.00	500.00	0.00	0.00	0.00	500.00-	0.00
PAID IN CAPITAL	0.00	2,515,900.00	0.00	0.00	0.00	2,515,900.00-	0.00
RETAINED EARNINGS	136,772,682.27	1,583,468.51	181,916,749.97-	0.00	167,675,124.47-	0.00	211,235,723.66-
TOTAL PARTNERS' EQUITY	278,762,011.76	4,009,806.69	183,830,919.04-	0.00	167,675,124.47-	2,516,400.00-	71,250,625.06-
TOTAL LIABILITIES AND PARTNERS' EQUITY	624,132,577.85	472,697,098.92	143,231,447.17	0.00	305,141.61	893,674,371.84-	346,691,893.71

FIN210-C
DATE: 1/31/12

SP NEWSPRINT CO. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF OPERATIONS
PERIOD ENDED JANUARY 31, 2012

	SP NEWSPRINT DUBLIN	SP RECYCLING	NEWBERG	SEP TECHNOLOGY	CORPORATE	ELIMINATIONS	CONSOLIDATED
OPERATING REVENUES:							
REVENUES	23,422,159.68	12,810,367.65	18,364,149.85	0.00	0.00	9,904,557.09-	44,692,120.09
LESS: DISCOUNTS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SALES RET. & ALLOWANCES	89,610.00-	8,386.39-	207,929.64-	0.00	0.00	0.00	305,926.03-
FREIGHT OUT	2,333,640.60-	117,760.17-	2,252,332.76-	0.00	0.00	0.00	4,703,733.53-
NET REVENUES	20,998,909.08	12,684,221.09	15,903,887.45	0.00	0.00	9,904,557.09-	39,682,460.53
COST OF GOODS SOLD:							
RAW MATERIALS	10,455,785.05	10,506,960.40	7,925,282.34	0.00	0.00	9,904,557.09-	18,983,470.70
CONVERSION	8,346,723.30	744,150.52	6,153,357.81	0.00	0.00	0.00	15,244,231.63
INDIRECT	456,639.57	0.00	347,584.27	0.00	0.00	0.00	804,223.84
FIXED	1,331,615.70	320,095.55	1,320,753.93	0.00	0.00	0.00	2,972,465.18
FINISHED GOODS INVENTORY ADJ.	621,927.00-	81,949.44	100,201.00-	0.00	0.00	0.00	640,178.56-
TOTAL COST OF GOODS SOLD	19,968,836.62	11,653,155.91	15,646,777.35	0.00	0.00	9,904,557.09-	37,364,212.79
GROSS MARGIN	1,030,072.46	1,031,065.18	257,110.10	0.00	0.00	0.00	2,318,247.74
SELLING & ADMINISTRATIVE	1,451,156.77	1,039,877.85	1,017,664.60	0.00	0.00	0.00	3,508,699.22
INCOME FROM OPERATIONS	421,084.31-	8,812.67-	760,554.50-	0.00	0.00	0.00	1,190,451.48-
OTHER DEDUCTIONS (INCOME):							
INTEREST EXPENSE	1,633,230.99	0.00	1,088,820.66	0.00	0.00	0.00	2,722,051.65
INTEREST INCOME	0.00	0.00	0.00	0.00	0.00	0.00	0.00
OTHER EXPENSE (INCOME), NET	28,826.11	8,802.60-	3,974.18-	0.00	0.00	0.00	16,049.33
MANAGEMENT FEE	0.00	0.00	0.00	0.00	0.00	0.00	0.00
LICENSE FEE	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL OTHER DEDUCTIONS (INC.)	1,662,057.10	8,802.60-	1,084,846.48	0.00	0.00	0.00	2,738,100.98
NET INCOME	2,083,141.41-	10.07-	1,845,400.98-	0.00	0.00	0.00	3,928,552.46-

FIN211-C
DATE: 1/31/12

SP NEWSPRINT CO. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF OPERATIONS
PERIOD ENDED JANUARY 31, 2012

	SP NEWSPRINT CONSOLIDATED
OPERATING REVENUES:	
REVENUES	44,692,120.09
LESS: DISCOUNTS	0.00
SALES RET. & ALLOWANCES	305,926.03-
FREIGHT OUT	4,703,733.53-
NET REVENUES	39,682,460.53
COST OF GOODS SOLD:	
RAW MATERIALS	18,983,470.70
CONVERSION	15,244,231.63
INDIRECT	804,223.84
FIXED	2,972,465.18
FINISHED GOODS INVENTORY ADJ.	640,178.56-
TOTAL COST OF GOODS SOLD	37,364,212.79
GROSS MARGIN	2,318,247.74
SELLING & ADMINISTRATIVE	3,508,699.22
INCOME FROM OPERATIONS	1,190,451.48-
OTHER DEDUCTIONS (INCOME):	
INTEREST EXPENSE	2,722,051.65
INTEREST INCOME	0.00
OTHER EXPENSE (INCOME), NET	16,049.33
MANAGEMENT FEE	0.00
LICENSE FEE	0.00
TOTAL OTHER DEDUCTIONS (INC.)	2,738,100.98
NET INCOME	3,928,552.46-