

Sappi Fine Paper North America

E³: Environment, Energy and the Economy

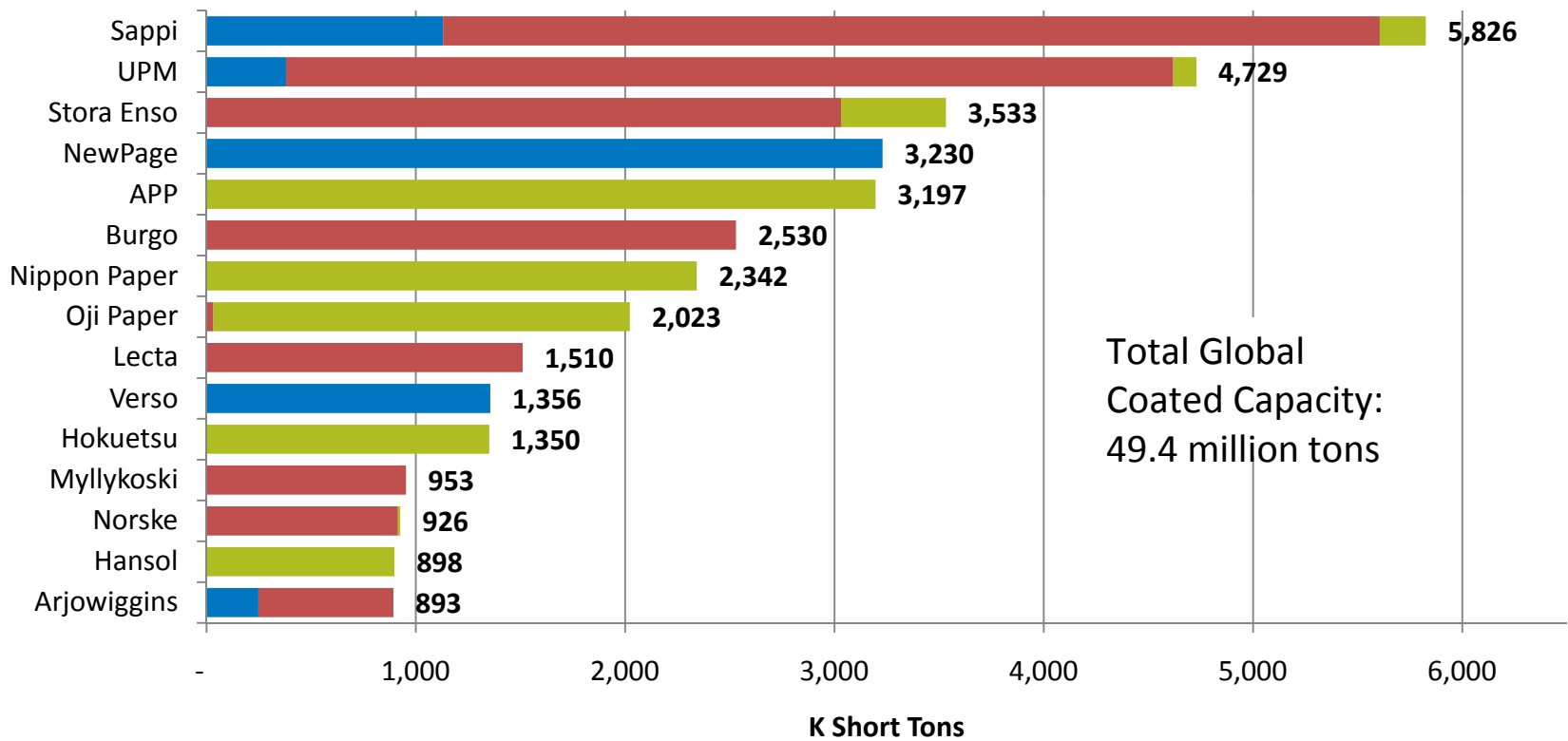
University of Maine, Paper Days 2010

April 7, 2010

Who is Sappi Limited?

- + We are the world's leading producer of high quality, coated fine paper
- + Our North American roots date to 1854 and we developed the first coated paper in 1879
- + We employ 16,400 people worldwide
- + We manufacture on four continents and have over 40 sales offices around the globe
- + Today our brands are among the most specified by marketing and design professionals
- + We achieved US\$5.4 billion in sales in 2009
- + We are listed on the stock exchanges of Johannesburg and New York

Global Capacity Chart— Coated Paper Market (CFS and CGW)



Source: EMGE, March 2010

■ N America ■ Europe ■ Other ■ Group Total

Who is Sappi Fine Paper North America?

+ Our Manufacturing Sites

- 2 Coated Fine Paper Mills – Cloquet Mill in Minnesota and Somerset Mill in Skowhegan, Maine, with pulp-making on the premises
- 1 Specialty Paper Mill in Westbrook, Maine

+ We annually produce:

- 1.2 million metric tons of coated fine and specialty paper
- 945,000 metric tons of pulp



- Headquarters
- Sites (3 Mills, 1 Sheeting Facility)
- Sales Areas (18)
- Regional Distribution Centers (3)

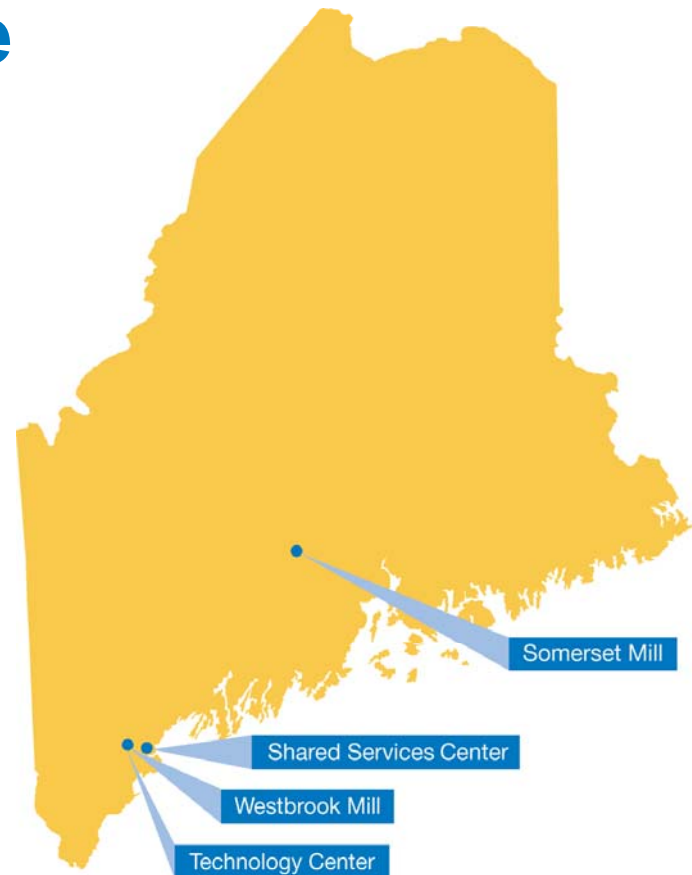
Sappi's presence in Maine

+ Our Facilities

- Somerset Coated Mill in Skowhegan
- Shared Services Center in South Portland
- Westbrook Specialty Mill in Westbrook
- Technology Center in Westbrook

+ Our 2009 Figures

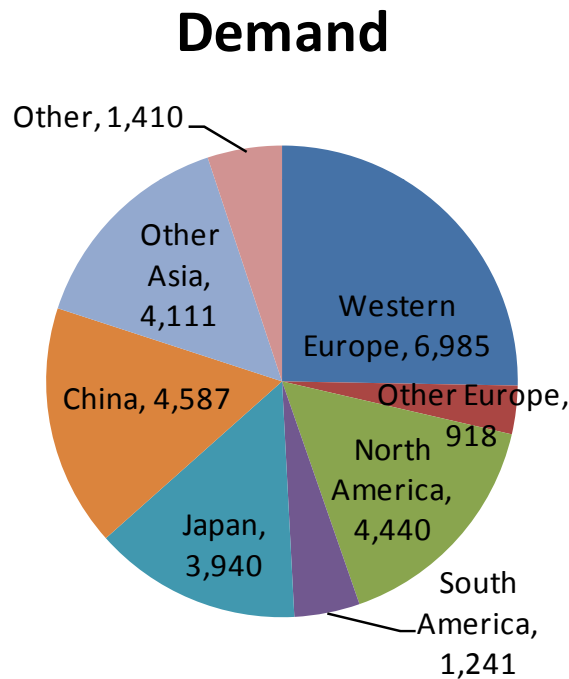
- Employment in Maine 1,395
- Payroll \$99M
- Dollars Spent in Maine \$152M
(excluding payroll)



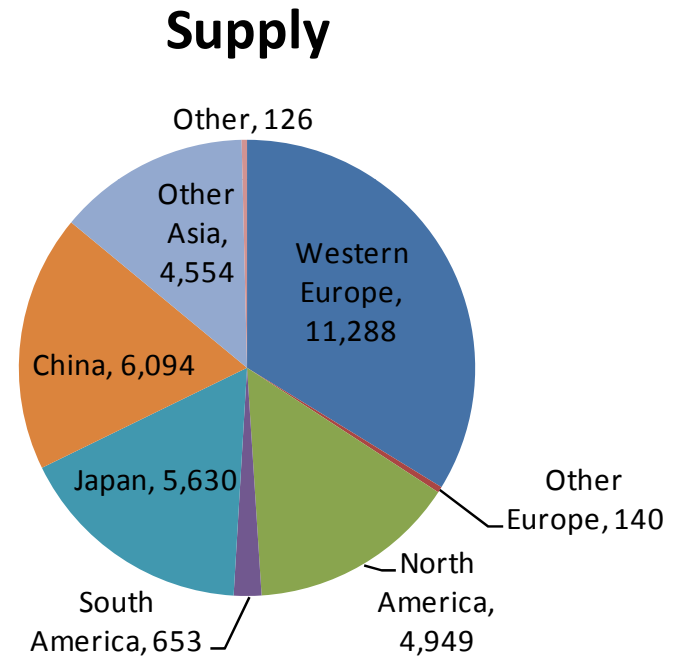
<u>Capacity (tons/day)</u>	
Somerset Mill Pulp	1,485
Somerset Mill Paper	2,410
Westbrook Mill Paper	110

Economic and Industry Overview

Global 2009 Coated Free Sheet Demand and Supply by Region



Total Demand: 27.6 million tons

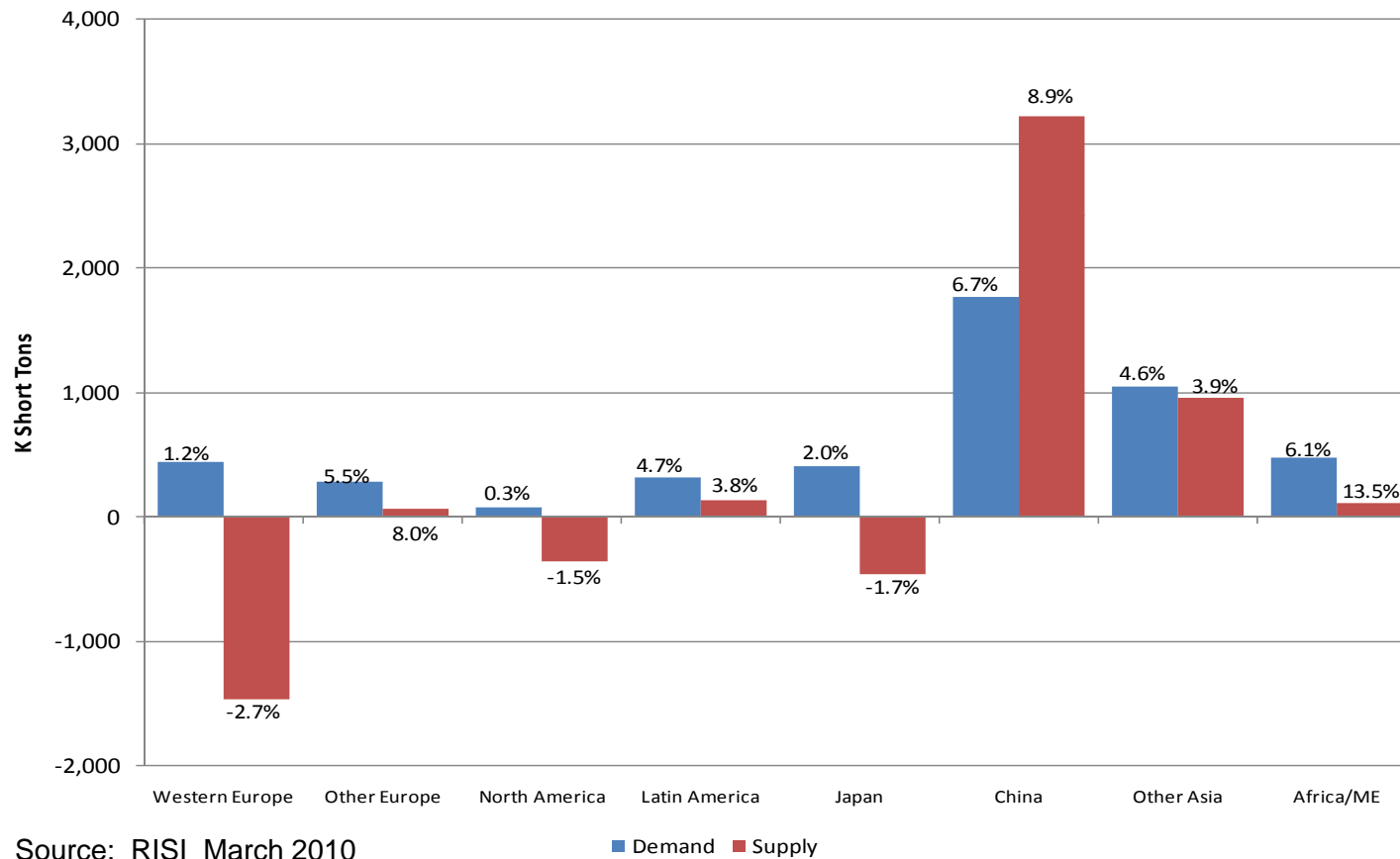


Total Supply: 33.4 million tons

Source: RISI March 2010

Global Coated Free Sheet Demand Projected to Grow 3.3% per Year, Outpacing Supply Growth of 1.3%

Coated Freesheet Growth Projections 2009-2014



Coated Free Sheet Market Overview

- + Emerging from the largest recession any of us has lived through**
 - 2010 – 2011 GDP growth forecasted to return to 3% level

- + Digital/alternative media clearly growing fast but coated paper remains a viable long term market, albeit at a lower level**
 - Print will need to differentiate itself

- + NA operating rates projected to be reasonable over the next few years**
 - Pulp price spike could knock out integrated players and tighten market

- + Asia will keep investing in capacity and selling in NA, regardless of trade case**

Key Paper Demand Drivers Currently Weak but Projected to Return to Modest Growth

	2008	2009	2010	2011
US GDP	0.4%	(2.4)%	3.1%	3.0%
US Ad Spending	(4.2)%	(12.9)%	(2.6)%	1.6%
US Direct Mail Spending	3.3%	(4.6)%	2.5%	3.1%
Magazine Ad Pages	(11.7)%	(25.6)%	(2.6)%	1.0%
Catalog Circulation	(6.9)%	(16.5)%	(2.7)%	2.7%
Commercial Print	(6.6)%	(14.3)%	(1.5)%	2.0%

- + All demand drivers to return to positive growth in 2011
- + Direct mail has held up much better than other categories

Industry Outlook

- + US CFS market is not expected to return to 2007 levels**
- + Yet, demand is projected to be stable – market to grow slowly with operating rates around 90%**
 - CWF growth of 2-3% forecast for 2010-11**
- + Here at Sappi, remaining globally cost competitive will be key**

Sappi Fine Paper North America's Business Update and Financial Performance

Sappi Fine Paper North America Business Update

Coated

- + US CFS industry demand down 27% in F09. Projected to be up 2% in F10
- + Price down significantly YOY but appears to be stabilizing
- + Trade case and Lacey Act could provide upside for domestic producers
- + Non-integrated producers challenged by pulp pricing

Pulp

- + Chilean earthquake removed 6% of global market supply
- + Impact at least six months
- + Occurred in already tight market
- + Prices spiking and availability challenged

Release

- + Very strong order activity from Asia, Europe and South/Central America
- + Inventory pipeline remains low – increasing supply to match demand
- + Domestic Chinese market for synthetic leather strong, but exports to US remain weak

Sappi Fine Paper North America Performance

	Q1 09	Q4 09	Q1 10	YoY
Tons Sold ('000)	330	355	322	↓
Sales (\$'m)	363	340	320	↓
Price / Ton (\$)	1,100	958	994	↓
Cost / Ton* (\$)	1,121	862	935	↓
Operating Profit ex items** (\$'m)	(7)	34	19	↑

- Continued strong performance, negatively impacted by scheduled pulp mill shut at Somerset
- Demand has trended upwards each month since May 2009.
- Fixed, Variable and supply chain costs down significantly YoY.
- Alternative fuel tax credit was US\$49 million, included in special items. Law expired Dec. 31 2009.

* Sales less operating profit excluding special items divided by tons sold.

** Operating profit excluding special items. Refer to the supplementary information in this presentation for a reconciliation to reported operating profit and page 17 in our Q1 2010 results booklet (available on www.sappi.com) for a definition of special items.

Sources of Our Improved Financial Performance

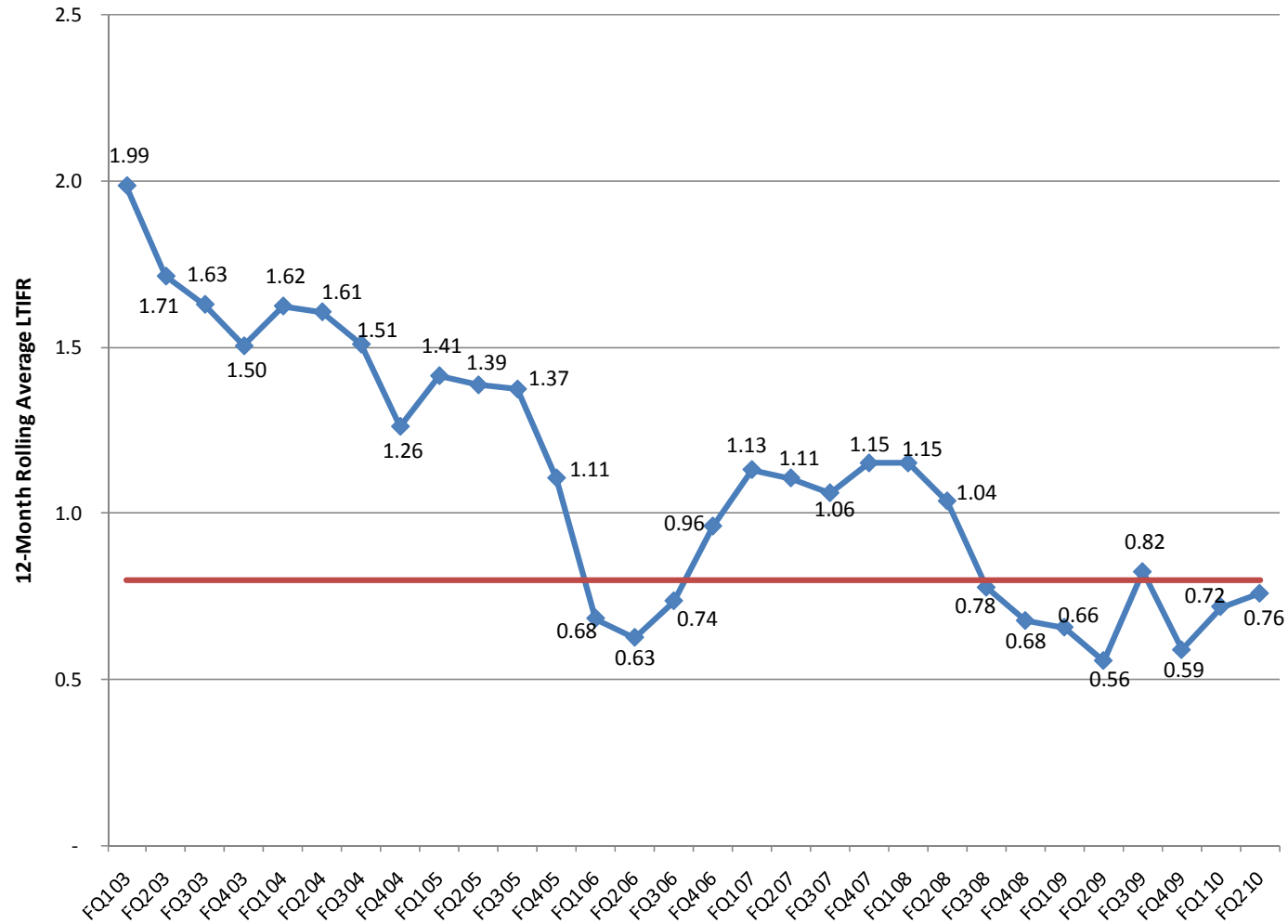
- + Strong liquidity; enhanced debt maturity profile**
- + Regional, systematic approach to cost and price discipline**
- + Coated, Pulp and Release Businesses delivering improved returns**
- + Relentless focus on cash**
- + Well-invested assets, high pulp integration & energy independence**

Staying Committed to our Strategy

Inspired to Innovate,
Powered to Lead



Operate Safely and Sustainably



Operate Safely and Sustainably

- + Strong corporate governance with published five-year goals
- + Lowest carbon footprint and highest use of renewable fuels (80%)
- + 40% reduction in organic content of solid waste (2007 base)

Sustainability Goals Tracking (FY07-FY12)	FY09 Goal	FY09 Actual
People		
Provide training and education to all employees at a minimum of 60 hours/year per employee by 2012.	40.0	30.7
Implement 10,000 hours of training and education in 2008 to customers through Sappi etc. Increase training by 10% per year to reach 15,000 hours by 2012.	11,250	15,683
Increase our community support through education and training initiatives in both contributions and volunteer hours by 10% each year.	10%	1%
Planet		
Reduce emissions from fossil fuels by 40% across all sites by 2012.*	16%	28%
Decrease organic content of solid waste by 50% across all sites by 2012.*	20%	39%
Increase level of third party certified fiber to an average of 60% across all sites by 2012.	50%	51%
Prosperity		
Generate 25% of revenue from products and services that are less than five years old.	25%	41%

* Reported as % improvement vs. the 2007 baseline

Committed to Sustainable Forestry

- + Triple of chain of custody certified with the Forest Stewardship Council (FSC), Sustainable Forestry Initiative® (SFI) and Programme for the Endorsement of Forest Certification (PEFC) programs**

- + Sappi Fine Paper North America (SFPNA) Sustainable Forestry Program**
 - Provides forestry management services to woodlot owners in Maine
 - Our FSC Group Certification helps woodlot owners achieve FSC

- + Time Inc and Hearst pilot project to drive higher levels of forest certification in Maine**
 - Sappi joined this effort with Verso Paper, the Sustainable Forestry Initiative®, the American Tree Farm System, and NewPage Corporation

Operate Safely and Sustainably

+ Committed to international standards and achieving third party certifications

- OHSAS 18001, ISO 14001
- EPA SmartWaySM Transport partner
- Cloquet Mill re-certified as a Green-e[®] provider



We Generate 100%
Certified Renewable Energy

Communicating our Industry Leading Performance

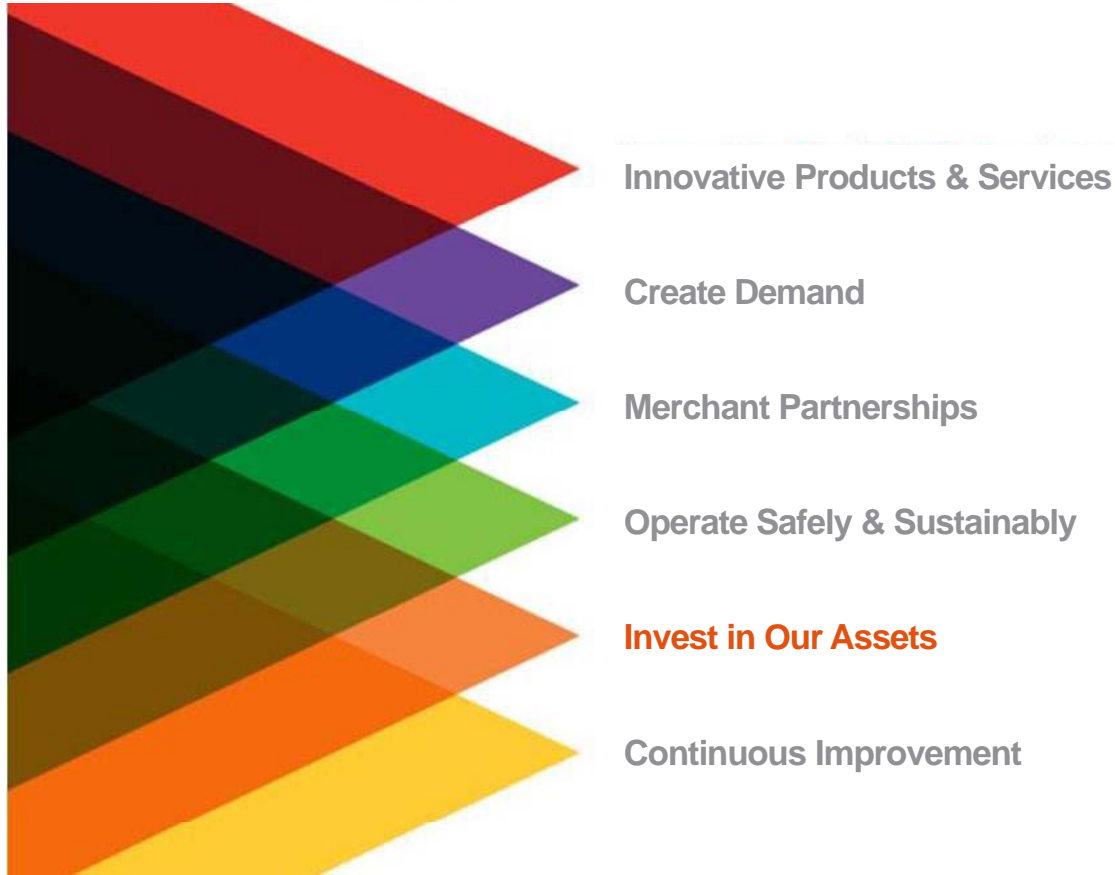
eQ Journal

- + Communicates our performance and key issues grounded in fact-based science
- + Each edition includes stories demonstrating best practices from Sappi, as well as our customers
- + Part of our ongoing efforts to educate our employees, customers and communities



Staying Committed to our Strategy

Inspired to Innovate,
Powered to Lead



Investing in Our Assets

- + We remain committed to investing in our assets to ensure that they are competitive, low-cost, and reliable**

- + Over last 3 years, substantial capital was invested**
 - Purchased energy assets at Westbrook, pilot coater installed**

 - Headbox and former rebuild on Somerset PM1 for product improvement and increased manufacturing redundancy**

 - Rebuilding recovery boiler at Somerset**

 - Increasing cover capacity at Cloquet**

Investing in Our People

+ Committed to the development and training of our People

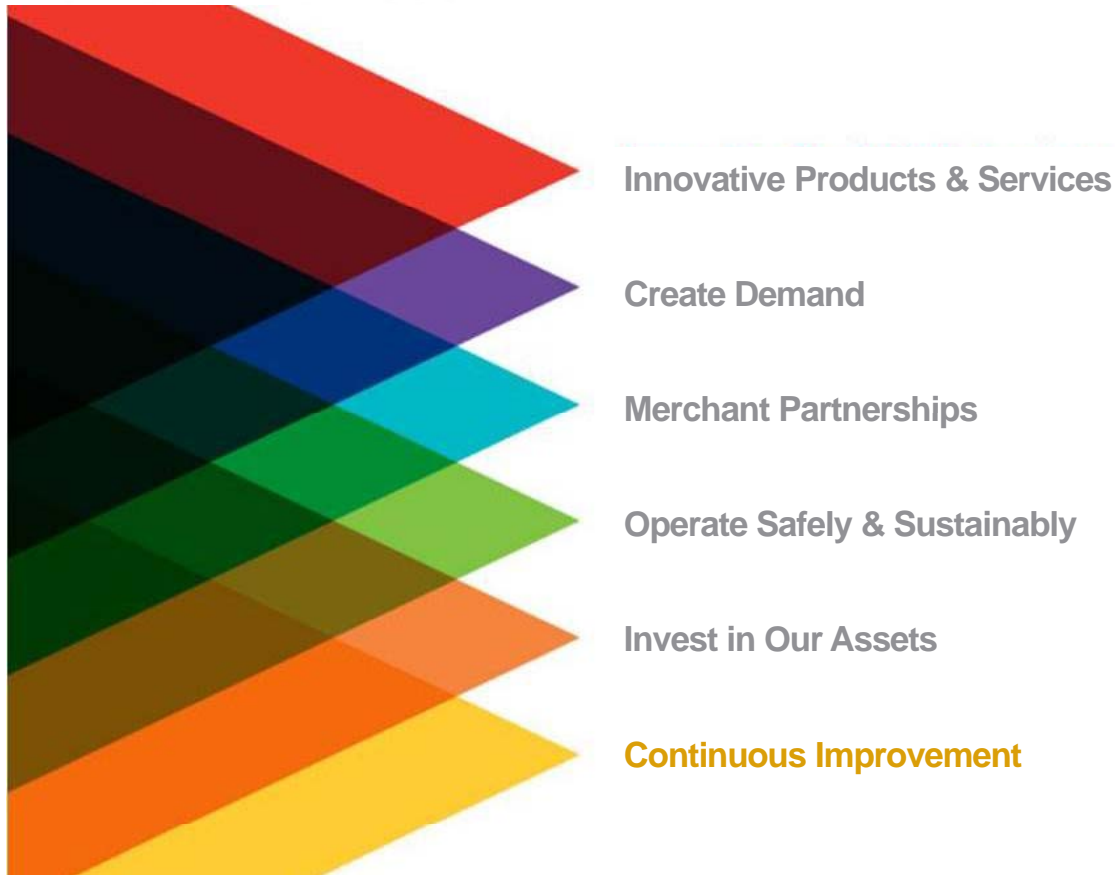
- **Five-Year Training Goal:** **60 hours/employee**
- **Ingenuity Awards:** **150 issued to date**
- **Leadership Excellence and Development at Sappi (LEADS) Training** –
over 250 managers receiving comprehensive management training over
18 months.

+ Upcoming job opportunities at our sites in Maine

- **Next few years:** **Approx. 60 - 75 positions**
- **And many opportunities over time**

Staying Committed to our Strategy

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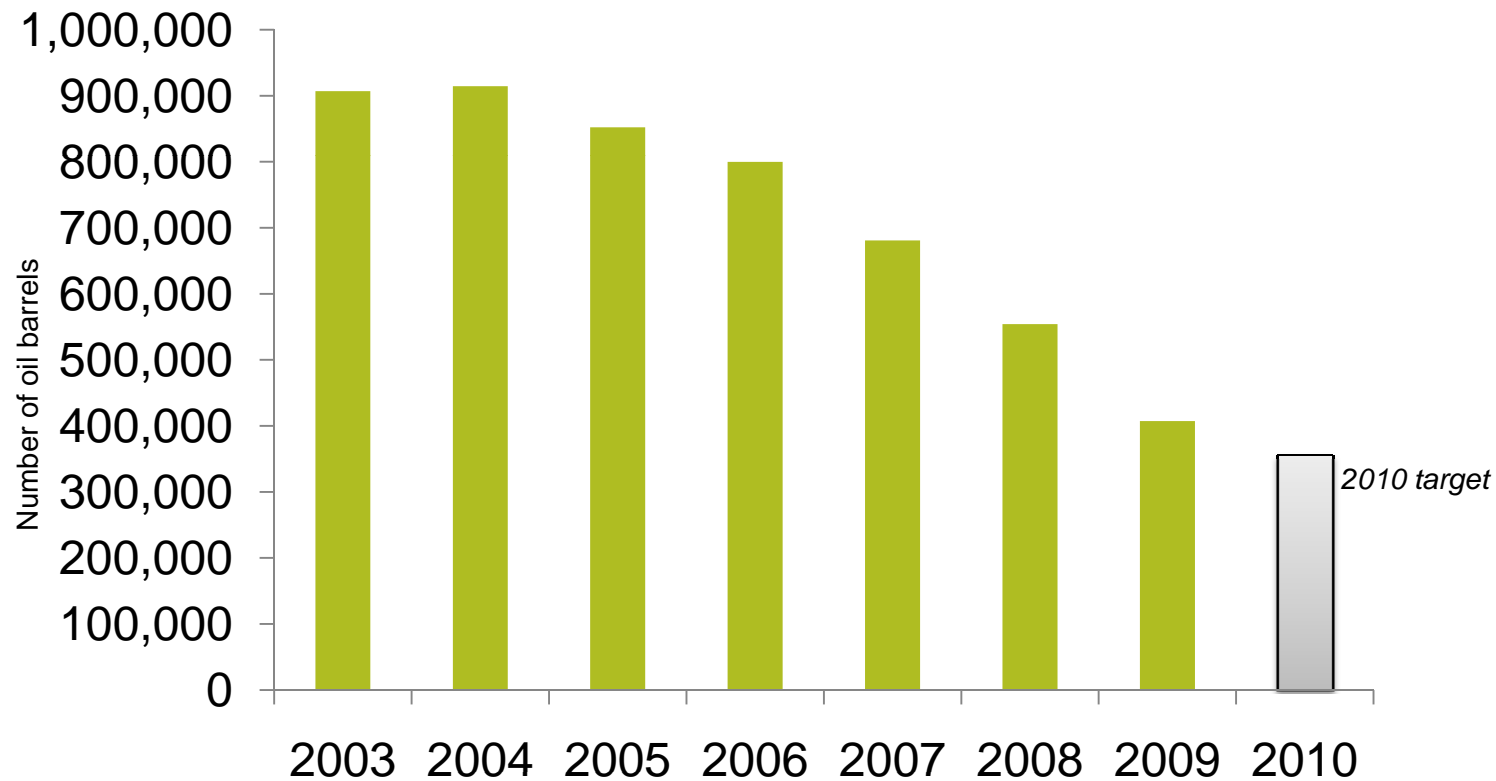


Continuous Improvement

- + Consolidated our coated fine paper operations; increased production at a lower cost per ton**
 - Manufacturing and sheeting more tons on fewer assets
 - Achieved record OME at Somerset in F09; Cloquet exceeding goals YTD F10; Westbrook PM9 just set a new OME record (Dec - Feb 10)
- + Lean Six Sigma program delivering significant results to bottom line**
 - Company-wide, examining cost reduction, working capital, process improvements

Continuous Improvement

Since 2003, the Somerset Mill has reduced oil consumption by 55%



Innovative Products

- + Leveraging the Westbrook Mill's specialty technology into new markets
- + Recently received the "Best of Show" award at the Asia Pacific Leather Fair for material innovation of our Ultracast Bling texture



Our Strategy Positions Us Well to Succeed in Changing Market

- + Committed to the development and training of our people**
- + Stable, with clearly positioned brands**
- + Customer focus – ease of doing business**
- + Well invested, cost competitive assets**
- + Track record of productivity and cost improvement**
- + Reliable service**
- + Investment in value added products and services**
- + Dedicated to sustainable operations**
- + Unique and innovative specialty products**

Thank you!

www.sappi.com/na